



Financial Statements  
June 30, 2015

# Dubuque County

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## Dubuque County

Dubuque County  
Officials

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Daryl Klein	Board of Supervisors	January, 2019
Tom Hancock	Board of Supervisors	January, 2019
Wayne Demmer	Board of Supervisors	January, 2017
Denise Dolan	County Auditor	January, 2017
Eric Stierman	County Treasurer	January, 2019
John Murphy	County Recorder	January, 2019
Don Vrotsos	County Sheriff	January, 2017
Ralph Potter	County Attorney	January, 2019
Dave Kubik	County Assessor	January, 2016
Rick Engelken	City Assessor	January, 2018



## **Independent Auditor's Report**

To the Officials of Dubuque County:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of June 30, 2015, and the respective changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 1 and 13 to the financial statements, the County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dubuque County, Iowa's financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The list of county officials, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The list of county officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2016, 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* in considering the County's internal control over financial reporting and compliance.

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

Dubuque, Iowa  
March 24, 2016

## 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, 2015. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the County exceeded the liabilities and deferred inflows at the close of the most recent fiscal year by \$101,960,847 (*net position*).
- The County's net position increased by \$12,747,476.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$40,638,527, an increase of \$9,778,312 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,331,884 or 25.23% of total general fund expenditures.
- Total long-term liabilities decreased by \$2,529,918 (13.13%) 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 position 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, the County's proportionate share of the net pension liability and related contributions, 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 Position 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 position 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 position* presents all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as "net position." Over time, increases or decreases in the County's net position 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 position changed during the most recent fiscal year. All changes in net position 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 position 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 14–16 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 16 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 11 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 17-20 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 21 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 22-45 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, the County's proportionate share of the net pension liability and related contributions, and the schedule of funding progress for the retiree health plan. Required supplementary information can be found on pages 46-45 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 53-62 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$101,960,847 at the close of the most recent fiscal year.

Dubuque County, Iowa  
Net Position of Governmental Activities

	June 30,	
	2015	2014
		(not restated)
Current and Other Assets	\$ 76,212,344	\$ 64,762,394
Capital Assets	80,481,374	75,351,973
Total assets	156,693,718	140,114,367
Deferred Outflows of Resources	1,883,349	-
Long-Term Liabilities	16,741,276	4,762,849
Other Liabilities	3,650,257	3,088,946
Total liabilities	20,391,533	7,851,795
Deferred Inflows of Resources	36,224,687	30,327,029
Net Position:		
Net investment in capital assets	79,830,456	74,114,498
Restricted	25,506,734	22,479,089
Unrestricted	(3,376,343)	5,341,956
Total net position	\$ 101,960,847	\$ 101,935,543

The largest portion of the County's net position (78.3%) 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 position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased from \$5,341,956 at June 30, 2014 to -\$3,376,343 at the end of this year, a decrease of 163.20%. The large decrease from prior year is attributable to the implementation of GASB 68 regarding net pension liability.

**Governmental activities.** Governmental activities increased the County's position by \$12,747,476. A condensed version of the Statement of Activities as of June 30, 2015, follows:

Dubuque County, Iowa		Changes in Net Position of Governmental Activities	
		Year Ended June 30,	
		2015	2014 (not restated)
<b>Program Revenues:</b>			
Fines, fees, and charges for services	\$	11,547,879	\$ 11,820,241
Operating grants and contributions		10,418,941	9,730,451
Capital grants and contributions		6,060,855	847,563
<b>General Revenues:</b>			
Property and other County tax		29,316,984	28,513,628
Penalty and interest on property tax		209,458	246,691
State tax credits		1,827,726	1,046,162
Local option sales tax		3,732,461	3,499,190
Gambling taxes		577,016	583,326
Unrestricted investment earnings		185,837	111,227
Miscellaneous		<u>1,080,972</u>	<u>530,435</u>
Total revenues		<u>64,958,129</u>	<u>56,928,914</u>
<b>Program Expenses:</b>			
Public safety and legal services		13,802,293	14,066,720
Physical health and social services		11,310,804	12,489,224
Mental health		3,293,413	2,627,025
County environment and education		3,343,354	3,022,389
Roads and transportation		10,928,058	10,287,331
Governmental services to residents		1,385,855	1,711,981
Administration		7,452,562	6,600,665
Non-program		615,170	579,716
Interest on long-term debt		<u>79,144</u>	<u>17,488</u>
Total expenses		<u>52,210,653</u>	<u>51,402,539</u>
Increase in Net Position		12,747,476	5,526,375
Net Position Beginning of the Year		<u>89,213,371</u>	<u>96,409,168</u>
Net Position End of the Year		<u>\$ 101,960,847</u>	<u>\$ 101,935,543</u>

- Taxes increased by \$803,356 or 2.8%, during the year. This increase represents a taxable valuation growth of 3.6%, a 10-cent decrease in the general fund levy, a 10-cent increase in the MH/DD levy, no change in the debt service and rural levies.

## 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 \$40,638,527, an increase of \$9,778,312 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 \$9,331,884, while the total fund balance reached \$10,147,212. 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 25.2% of total general fund expenditures, while total fund balance represents 27.4% of that same amount.

The fund balance of the County's general fund increased \$1,852,252 during the current fiscal year. Key factors in this decrease are as follows:

- Revenues increased \$274,009, due to increases in revenue categories, particularly taxes.
- Expenses increased \$556,164 primarily due to an increase in grant expenditures.

The rural services fund has a total fund balance of \$367,357, which is an increase of \$81,952 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 \$4,827,508, which is an increase of \$580,097 from the prior year. Key factors in this increase are as follows:

- Increased expenses were offset by an increase in transfers from the Rural Fund.

The mental health fund has a total fund balance of \$5,867,537 which is an increase of \$2,243,408 from the prior year. Key factors in this increase are as follows:

- In addition to revenues increasing by \$752,028, the FY15 reimbursement to the MHDS region fiscal agent was \$1,703,180 less than the revenue collected from taxes.

The local option tax fund has a total fund balance of \$8,980,208, which is an increase of \$656,476 from the prior year. A key factor in the increase was:

- An increase in revenue and decrease in expenditures not reimbursable by grants.

### **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 August 25, 2014, net of transfers, increased revenues by \$5,232,298 and increased disbursements by \$14,419,709. This amendment was necessary to allow for employee benefits negotiated with bargaining units, which were not included in the original budget. There was an adjustment for employee health insurance rate increase and self-insured deductibles. Revenues and disbursements were revised to reflect monies budgeted in the previous fiscal year which were not expended until the current fiscal year. The majority of the change was due state and federal grants for public health, road construction projects, conservation infrastructure repair.

The second amendment, on March 9, 2015, net of transfers, increased revenues by \$760,146 and disbursements by \$4,658,899. This reflects mid-year re-estimate changes made by the Board of Supervisors during department worksessions for preparation of the FY16 budget.

The third amendment, on May 26, 2015, net of transfers, increased revenue by \$2,609,562 and disbursements by \$250,493. The increase was due to expenses which were unanticipated at the time of the mid-year amendment.

The net increase in revenues of \$8,602,006 resulted in an amended total of \$62,744,967. The net increase in disbursements of \$19,329,101 resulted in an amended total of \$74,761,102.

Actual cash disbursements for the year totaled \$59,788,493, or \$14,972,609 less than the final amended budget. The largest factor contributing to the difference was capital projects which were approximately \$7.2 million less than budget due to seasonal timing of road construction projects in the local option tax fund, and Heritage Trail projects, and CDBG grant and FEMA projects of \$2.9 million. Additionally, the new self-insured portion of the employee deductible fund was funded at 70% , but utilization was just under 50%.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY15, Dubuque County had \$80,481,374 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 \$5,129,401, or 6.8% over last year.

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

	June 30,	
	2015	2014
Land	\$ 4,331,622	\$ 4,331,622
Construction in Progress	10,725,458	4,894,004
Buildings	10,294,526	10,426,400
Improvements Other Than Buildings	1,245,866	1,256,061
Machinery and Equipment	6,510,974	5,211,575
Infrastructure	47,372,928	49,232,311
Total	\$ 80,481,374	\$ 75,351,973

The County had depreciation expense of \$4,682,602 for the year ended June 30, 2015, and total accumulated depreciation as of June 30, 2015 of \$74,013,307.

The County's final fiscal year 2015 capital budget included approximately \$12.1 million for capital projects, which included secondary road construction. The County has no plans to issue additional debt to finance these projects.

Additional information on the County's capital assets can be found in Note 5 on pages 31 and 32 of this report.

### Long-term Liabilities

At year-end, the County had total long-term liabilities of \$16,741,276 compared to \$19,271,194 last year, a decrease of \$2,532,918 (13.1%), as detailed below:

#### Outstanding Long-Term Liabilities of Governmental Activities at Year-End

	June 30,	
	2015	2014 (restated)
Bonds Payable	\$ 4,500,000	\$ -
Notes Payable	1,052,683	1,677,292
Compensated Absences	2,095,416	2,176,271
Net Pension Liability	8,020,809	14,508,345
Net OPEB Liability	1,072,368	909,286
Total	\$ 16,741,276	\$ 19,271,194

For more detailed information on the County's debt and amortization terms, please refer to Note 7 on page 33 and 34 of this report.

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

The unemployment rate for the County is currently 3.6%, down .6% from the previous year and comparable with the State of Iowa rate of 3.6% and the 5.3% national rate. Currently, there are 59,500 non-farm jobs in Dubuque County, an increase of 600 from the previous year.

Taxes levied for fiscal year 2016 will increase by \$513,767, or 1.6% from the fiscal year 2015 budget. This increase represents a taxable valuation growth of 1.8%, a decrease of 4.3-cents in the county-wide tax levy rate and an increase of 4.3-cents in the rural levy rate.

The 2016 County-wide levy rate is \$6.38779 per thousand dollars of taxable value. Net property tax revenue represents 55% of total revenues, an increase of 8.2% from the prior year. Rural residents will pay \$10.00045 per thousand dollars of taxable value, including the rural service levy of \$3.61266.

### **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  
Exhibit A – Statement of Net Position  
June 30, 2015

	Governmental Activities
Assets	
Cash and Pooled Investments	\$ 34,784,896
Receivables:	
Property tax:	
Delinquent	71,356
Succeeding year	30,855,847
Interest and penalty on property tax	58,034
Accounts	183,681
Due from Other Governments	8,606,855
Prepaid Expenses	362,253
Inventories	681,030
Notes Receivable	608,392
Capital Assets:	
Capital assets, not being depreciated	15,057,080
Capital assets (net of accumulated depreciation)	65,424,294
Total assets	156,693,718
Deferred Outflows of Resources	
Pension Related Deferred Outflows of Resources	1,883,349
Liabilities	
Accounts Payable	2,099,617
Salaries and Benefits Payable	1,464,749
Accrued Interest Payable	1,816
Due to Other Governments	84,075
Long-Term Liabilities:	
Portion due or payable within one year:	
Bonds and notes payable	711,433
Compensated absences	1,237,589
Portion due or payable after one year:	
Bonds and notes payable	4,841,250
Compensated absences	857,827
Net pension liability	8,020,809
Net OPEB liability	1,072,368
Total liabilities	20,391,533

Dubuque County  
 Exhibit A – Statement of Net Position  
 June 30, 2015

	Governmental Activities
Deferred Inflows of Resources	
Unavailable Property Tax Revenue	\$ 30,855,847
Pension Related Deferred Inflows of Resources	5,368,840
Total deferred inflows of resources	36,224,687
Net Position	
Net Investment in Capital Assets	79,830,456
Restricted for:	
Supplemental levy purposes	245,223
Mental health purposes	5,877,091
Secondary roads purposes	6,044,906
Economic development	1,221,105
Debt service	9,193
Capital projects	10,024,884
Other purposes	2,084,332
Unrestricted	(3,376,343)
Total net position	\$ 101,960,847

Dubuque County  
Exhibit B – Statement of Activities  
Year Ended June 30, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:					
Governmental Activities:					
Public safety and legal services	\$ 13,802,293	\$ 657,518	\$ 487,549	\$ -	\$ (12,657,226)
Physical health and social services	11,310,804	8,848,606	523,617	-	(1,938,581)
Mental health	3,293,413	-	924,850	-	(2,368,563)
County environment and education	3,343,354	412,766	332,156	-	(2,598,432)
Roads and transportation	10,928,058	91,828	4,750,698	6,060,855	(24,677)
Governmental services to residents	1,385,855	1,444,051	-	-	58,196
Administration	7,452,562	93,110	3,400,071	-	(3,959,381)
Non-program	615,170	-	-	-	(615,170)
Interest on long-term debt	79,144	-	-	-	(79,144)
<b>Total Governmental Activities</b>	<b>\$ 52,210,653</b>	<b>\$ 11,547,879</b>	<b>\$ 10,418,941</b>	<b>\$ 6,060,855</b>	<b>(24,182,978)</b>
General Revenues:					
Property and other County tax levied for:					
General purposes					28,744,550
Debt service					572,434
Penalty and interest on property tax					209,458
State tax credits					1,827,726
Local option sales tax					3,732,461
Gambling taxes					577,016
Unrestricted investment earnings					185,837
Miscellaneous					1,080,972
<b>Total General Revenues</b>					<b>36,930,454</b>
Change in Net Position					12,747,476
Net Position Beginning of Year, as Restated					89,213,371
Net Position End of Year					<b>\$ 101,960,847</b>

	Special Revenue		
	General	Rural Services	Secondary Roads
Assets			
Cash and Pooled Investments	\$ 10,410,579	\$ 377,705	\$ 4,189,304
Receivables:			
Property tax:			
Delinquent	44,968	14,941	-
Succeeding year	21,973,984	4,320,437	-
Interest and penalty on property tax	58,034	-	-
Accounts	82,421	1,229	4,670
Due From Other Governments	1,917,517	-	463,408
Inventories	27,852	-	653,178
Prepaid Expenses	362,253	-	-
Notes Receivable	180,000	-	-
	<u>35,057,608</u>	<u>4,714,312</u>	<u>5,310,560</u>
Total assets	<u>\$ 35,057,608</u>	<u>\$ 4,714,312</u>	<u>\$ 5,310,560</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,501,071	\$ 135	\$ 251,120
Salaries and benefits payable	1,275,274	11,741	165,337
Due to other governments	62,550	-	21,525
Total liabilities	<u>2,838,895</u>	<u>11,876</u>	<u>437,982</u>
Deferred Inflows of Resources:			
Unavailable revenues			
Succeeding year property tax	21,973,984	4,320,437	-
Other	97,517	14,642	45,070
Total deferred inflows of resources	<u>22,071,501</u>	<u>4,335,079</u>	<u>45,070</u>
Fund Balances:			
Nonspendable	570,105	-	653,178
Restricted	245,223	367,357	4,174,330
Committed	-	-	-
Unassigned	9,331,884	-	-
Total fund balances	<u>10,147,212</u>	<u>367,357</u>	<u>4,827,508</u>
	<u>35,057,608</u>	<u>4,714,312</u>	<u>5,310,560</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,057,608</u>	<u>\$ 4,714,312</u>	<u>\$ 5,310,560</u>

See Notes to Financial Statements

Dubuque County  
Exhibit C – Balance Sheet  
Governmental Funds  
June 30, 2015

	Capital Projects		
Mental Health	Local Option Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,807,117	\$ 8,456,720	\$ 5,543,471	\$ 34,784,896
9,568	-	1,879	71,356
3,957,161	-	604,265	30,855,847
-	-	-	58,034
52,136	43,208	17	183,681
170,606	1,555,324	4,500,000	8,606,855
-	-	-	681,030
-	-	-	362,253
-	23,778	404,614	608,392
\$ 9,996,588	\$ 10,079,030	\$ 11,054,246	\$ 76,212,344
\$ 149,939	\$ 197,352	\$ -	\$ 2,099,617
12,397	-	-	1,464,749
-	-	-	84,075
162,336	197,352	-	3,648,441
3,957,161	-	604,265	30,855,847
9,554	901,470	1,276	1,069,529
3,966,715	901,470	605,541	31,925,376
-	-	-	1,223,283
5,867,537	8,980,208	8,748,705	28,383,360
-	-	1,700,000	1,700,000
-	-	-	9,331,884
5,867,537	8,980,208	10,448,705	40,638,527
\$ 9,996,588	\$ 10,079,030	\$ 11,054,246	\$ 76,212,344

Dubuque County  
 Exhibit D – Reconciliation of the Balance Sheet  
 Governmental Funds to the Statement of Net Position  
 June 30, 2015

Total Governmental Fund Balances \$ 40,638,527

Amounts Reported for Governmental Activities in the  
 Statement of Net Position is Different Because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. These assets consist of:

Land	\$ 4,331,622	
Construction in progress	10,725,458	
Infrastructure, net of \$52,478,788 accumulated depreciation	47,372,928	
Buildings, net of \$8,465,944 accumulated depreciation	10,294,526	
Machinery and equipment, net of \$12,232,455 accumulated depreciation	6,510,974	
Improvements other than buildings, net of \$836,120 accumulated depreciation	<u>1,245,866</u>	
Total capital assets		80,481,374

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds:

Property taxes and intergovernmental	1,069,529
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	1,883,349
Deferred inflows of resources	(5,368,840)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, therefore, 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 Position. Balances at June 30, 2015, are:

Accrued interest on debt	(1,816)	
Bonds and notes payable	(5,552,683)	
Compensated absences	(2,095,416)	
Net pension liability	(8,020,809)	
Net OPEB liability	<u>(1,072,368)</u>	
Total long-term liabilities		<u>(16,743,092)</u>

Net Position of Governmental Activities \$ 101,960,847

	General	Special Revenue	
		Rural Services	Secondary Roads
<b>Revenues:</b>			
Property and other County tax	\$ 20,819,058	\$ 3,955,598	\$ -
Interest and penalty on property tax	200,781	-	-
Intergovernmental	13,576,345	470,112	4,149,730
Licenses and permits	71,591	15,474	30,880
Charges for service	3,555,224	16,405	7,176
Use of money and property	169,170	-	11,868
Miscellaneous	444,246	9,356	31,659
Total revenues	<u>38,836,415</u>	<u>4,466,945</u>	<u>4,231,313</u>
<b>Expenditures:</b>			
Operating:			
Public safety and legal services	13,759,958	-	-
Physical health and social services	12,035,761	-	-
Mental health	-	-	-
County environment and education	1,465,249	921,809	-
Roads and transportation	-	-	7,164,104
Governmental services to residents	1,335,925	-	-
Administration	6,973,229	-	-
Non-program	615,170	-	-
Debt service	-	-	-
Capital projects	798,871	-	-
Total expenditures	<u>36,984,163</u>	<u>921,809</u>	<u>7,164,104</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>1,852,252</u>	<u>3,545,136</u>	<u>(2,932,791)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	3,463,184
Transfers out	-	(3,463,184)	-
Bond payable issued	-	-	-
Sale of capital assets	-	-	49,704
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,463,184)</u>	<u>3,512,888</u>
Net Change in Fund Balances	1,852,252	81,952	580,097
Fund Balances Beginning of Year	<u>8,294,960</u>	<u>285,405</u>	<u>4,247,411</u>
Fund Balances End of Year	<u>\$ 10,147,212</u>	<u>\$ 367,357</u>	<u>\$ 4,827,508</u>

See Notes to Financial Statements

Dubuque County  
 Exhibit E – Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2015

Mental Health	Capital Projects Local Option Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,299,489	\$ 3,732,461	\$ 811,409	\$ 33,618,015
-	-	-	200,781
1,201,492	2,235,512	532,304	22,165,495
-	-	-	117,945
-	-	15,925	3,594,730
-	6,585	13,534	201,157
44,531	-	88,848	618,640
5,545,512	5,974,558	1,462,020	60,516,763
-	-	300,320	14,060,278
-	-	-	12,035,761
3,302,104	-	-	3,302,104
-	-	247,722	2,634,780
-	-	-	7,164,104
-	-	4,270	1,340,195
-	-	-	6,973,229
-	-	-	615,170
-	-	703,925	703,925
-	5,318,082	742,672	6,859,625
3,302,104	5,318,082	1,998,909	55,689,171
2,243,408	656,476	(536,889)	4,827,592
-	-	-	3,463,184
-	-	-	(3,463,184)
-	-	4,500,000	4,500,000
-	-	401,016	450,720
-	-	4,901,016	4,950,720
2,243,408	656,476	4,364,127	9,778,312
3,624,129	8,323,732	6,084,578	30,860,215
\$ 5,867,537	\$ 8,980,208	\$ 10,448,705	\$ 40,638,527

Dubuque County

Exhibit F – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	9,778,312
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	\$	6,415,349
Contributed capital assets		3,409,309
Depreciation expense		<u>(4,682,602)</u>
		5,142,056
In the Statement of Activities, only the gain or the loss of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of assets being disposed.		
		(12,655)
Debt proceeds and capital leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.		
Issued		(4,500,000)
Repayments		<u>624,609</u>
		(3,875,391)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds as follows:		
Property tax		17,123
Grant proceeds		<u>564,214</u>
		581,337
The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred inflow of resources in the Statement of Net Position.		
		1,735,597
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:		
Change in accrued interest on debt		172
Change in compensated absences		80,855
Pension expense		(519,725)
Change in net OPEB liability		<u>(163,082)</u>
		(601,780)
Change in Net Position of Governmental Activities	\$	<u><u>12,747,476</u></u>

Dubuque County  
Exhibit G - Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2015

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Assets

Cash and Pooled Investments:

County Treasurer	\$ 5,523,009
Other County officials	295,707

Receivables:

Property tax:	
Delinquent	368,391
Succeeding year	96,802,657
Special assessments	<u>48,058</u>

Total assets	<u>103,037,822</u>
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Liabilities

Due to Other Governments	102,951,054
Trusts Payable	<u>86,768</u>

Total liabilities	<u>103,037,822</u>
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Net Position	<u><u>\$ -</u></u>
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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.

Based on the above criteria, the County has determined that there are no potential component units which must be included in the County's financial statements as of and for the year ended June 30, 2015.

### **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 Early Childhood Iowa 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 Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. 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 Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

*Net investment in capital assets* 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 position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

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

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

The County reports the following major governmental funds:

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

**Special Revenue Funds** – 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 the road use tax allocation from the state of Iowa, required transfers from the General and Rural Services Funds, and other revenues to be used 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, intellectual disabilities, 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, other governmental units, and/or other funds.

### **Measurement Focus and Basis of Accounting**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

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

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 position 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 an expenditure is incurred in governmental funds which can be paid either using restricted or unrestricted resources, the County’s policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 are stated at fair value, except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

**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, 2013, assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

**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 had not been paid or received as of June 30, 2015, 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 Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years. There are no capitalization thresholds for land and buildings. All acquisitions for land and buildings are capitalized.

<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

**Deferred Outflows of Resources** – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

**Due to Other Governments** - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

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

**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, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Rural Services, and 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.

**Pensions** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Inflows of Resources** – 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 inflows of resources 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 inflows of resources consists of succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and other unrecognized items not yet credited to pension expense.

**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 other classifications.

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.

<u>Fund Balance Classification</u>	<u>Purpose</u>	<u>Fund</u>	<u>Amount</u>
Nonspendable	Prepaid		
	Expenses	General	\$ 362,253
	Notes		
	Receivable	General	180,000
	Inventories	General	27,852
		Secondary Roads	<u>653,178</u>
			<u>\$ 1,223,283</u>
Restricted	Supplemental		
	Levy Purposes	General	\$ 245,223
	Rural Services	Rural Services	367,357
	Secondary Roads	Secondary Roads	4,174,330
		Time-21	1,172,328
	Mental Health	Mental Health	5,867,537
	Capital Projects	Local Option Tax	8,980,208
		Capital Projects	37,570
	Conservation	REAP Fund	37,306
		Conservation Land Acquisition	105,636
	Records		
	Management	County Recorder's Records	
		Management	54,229
	Economic		
	Development	Rural Economic Development	1,221,105
Gold Dome			
Projects	Gold Dome	55,425	
Public Safety	Sheriff Forfeiture	533,389	
	Drug Task Force	1,021,984	
Debt Obligations	Debt Service	<u>4,509,733</u>	
			<u>\$ 28,383,360</u>
Committed	Capital Projects	Capital Projects	<u>\$ 1,700,000</u>

**Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**Implementation of GASB Statement No. 68 and GASB Statement No. 71**

As of July 1, 2014, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 13 and the additional disclosures required by these standards are included in Note 8.

**Note 2 - Cash and Pooled Investments**

The County's deposits in banks at June 30, 2015, 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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2015, the County had the following investments:

Investment Type	Investment Maturities (In Years)			Amount
	Less Than 1	1 to 5	6 to 10	
Money Market Fund	\$ 133,299	\$ -	\$ -	\$ 133,299
U.S. Treasury Securities	-	1,254,861	1,024,491	2,279,352
Federal Agency Obligations	-	1,823,484	847,915	2,671,399
<b>Total Investments</b>	<b>\$ 133,299</b>	<b>\$ 3,078,345</b>	<b>\$ 1,872,406</b>	<b>\$ 5,084,050</b>

**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 operating fund 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. The County’s investments held during the year ended June 30, 2015 were rated AAA.

**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 had no custodial risk with regards to investments, since all investments were held by the County or it’s agent in the County’s name.

**Note 3 - Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015, is as follows:

Transfer to	Transfer from	Amount
Secondary Roads	Rural Services	\$ 3,463,184

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, 2015, was \$180,000.

The County has guaranteed indebtedness through the Rural Economic Development Intermediary Relending Program with four loans to businesses located in Dubuque County, totaling \$404,614 at June 30, 2015. The loans are accounted for in the Rural Economic Development Fund and mature in varying amounts through June 30, 2024.

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, 2015, was \$23,778.

**Note 5 - Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 4,331,622	\$ -	\$ -	\$ 4,331,622
Construction in progress	4,894,004	8,332,908	2,501,454	10,725,458
Total capital assets, not being depreciated	<u>9,225,626</u>	<u>8,332,908</u>	<u>2,501,454</u>	<u>15,057,080</u>
Capital assets being depreciated:				
Buildings	18,600,378	273,366	113,274	18,760,470
Improvements other than buildings	1,986,859	95,127	-	2,081,986
Machinery and equipment	17,171,766	2,389,208	817,545	18,743,429
Infrastructure	98,616,213	1,235,503	-	99,851,716
Total capital assets, being depreciated	<u>136,375,216</u>	<u>3,993,204</u>	<u>930,819</u>	<u>139,437,601</u>
Less accumulated depreciation for:				
Buildings	8,173,978	405,240	113,274	8,465,944
Improvements other than buildings	730,798	105,322	-	836,120
Machinery and equipment	11,960,191	1,077,154	804,890	12,232,455
Infrastructure	49,383,902	3,094,886	-	52,478,788
Total accumulated depreciation	<u>70,248,869</u>	<u>4,682,602</u>	<u>918,164</u>	<u>74,013,307</u>
Total capital assets, being depreciated, net	<u>66,126,347</u>	<u>(689,398)</u>	<u>12,655</u>	<u>65,424,294</u>
Governmental Activities Capital Assets, Net	<u>\$ 75,351,973</u>	<u>\$ 7,643,510</u>	<u>\$ 2,514,109</u>	<u>\$ 80,481,374</u>

Depreciation expense was charged to the following functions of the County:

Governmental Activities:

Public safety and legal services	\$ 520,575
Physical health and social services	12,575
County environment and education	387,575
Roads and transportation	3,505,509
Governmental services to residents	44,785
Administration	<u>211,583</u>
Total depreciation expense - governmental activities	<u><u>\$ 4,682,602</u></u>

**Construction Commitments** – The County has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2015. The County has additional commitments for construction contracts of \$5,307,152 as of June 30, 2015. These commitments will be funded by current assets and federal and state grants.

**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	\$ 62,550
Special Revenue:		
Secondary roads	Services	<u>21,525</u>
Total for governmental funds		<u><u>\$ 84,075</u></u>

Fund	Description	Amount
Agency:		
County Recorder	Collections	\$ 94,639
County Recorder's Electronic Transaction Fee		1,459
County Sheriff		114,300
E911 Fund		569,099
Drainage District Fund		723
Agricultural Extension Education Fund		419,839
County Assessor		884,236
City Assessor		1,014,131
Schools Fund		58,803,853
Area Schools Fund		3,971,623
Corporations Fund		31,739,242
Townships Fund		730,007
Auto License and Use Tax Fund		3,315,280
Brucellosis and Tuberculosis Eradication Fund		20,207
Joint Disaster Services Fund		75,016
County Hospital Fund		1,126,485
Canine		2,532
Commissary		68,383
Total for agency funds		<u><u>\$ 102,951,054</u></u>

## Note 7 - Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Compensated Absences	Net OPEB Liability	Net Pension Liability	Rural Economic Development Loan	Capital Projects Notes Payable	General Obligation Landfill Bonds	Total
Balance Beginning of Year	\$ 2,176,271	\$ 909,286	\$ 14,508,345	\$ 439,817	\$ 1,237,475	\$ -	\$ 19,271,194
Increases	1,196,965	163,082	-	-	-	4,500,000	5,860,047
Decreases	1,277,820	-	6,487,536	38,052	586,557	-	8,389,965
Balance End of Year	<u>\$ 2,095,416</u>	<u>\$ 1,072,368</u>	<u>\$ 8,020,809</u>	<u>\$ 401,765</u>	<u>\$ 650,918</u>	<u>\$ 4,500,000</u>	<u>\$ 16,741,276</u>
Due Within One Year	<u>\$ 1,237,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,433</u>	<u>\$ 488,000</u>	<u>\$ 185,000</u>	<u>\$ 1,949,022</u>

Dubuque County has borrowed funds through the Rural Economic Development Intermediary Relending Program in order to provide economic development loans to industries within Dubuque County. The 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 2014, the County borrowed \$1,507,491 in the form of capital projects notes payable. The notes have a stated interest rate of 2.00%, and were used to finance various capital projects.

During fiscal year 2015, the County issued \$4,500,000 of General Obligation Bonds for the purpose of funding the construction of landfill facility improvements by the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), of which the County is an organized member. The proceeds of the bonds were transferred to DMASWA. The County and DMASWA have signed a long term note payable to the County to reimburse the County for all debt service payments related to the bond issue. The interest rates on the bonds range from 2.00% to 4.00%, with a maturity date of June 1, 2034.

A summary of the County's June 30, 2015, indebtedness is as follows:

Year Ending June 30,	Rural Economic Development Loan		Capital Projects Notes Payable	
	Principal	Interest	Principal	Interest
2016	\$ 38,433	\$ 4,017	\$ 488,000	\$ 10,578
2017	38,817	3,633	162,918	1,629
2018	39,205	3,245	-	-
2019	39,598	2,852	-	-
2020	39,994	2,456	-	-
2021-2025	205,718	6,532	-	-
Total	<u>\$ 401,765</u>	<u>\$ 22,735</u>	<u>\$ 650,918</u>	<u>\$ 12,207</u>

Year Ending June 30,	General Obligation Landfill Bonds	
	Principal	Interest
2016	\$ 185,000	\$ 127,582
2017	190,000	123,884
2018	195,000	120,084
2019	195,000	116,184
2020	200,000	110,334
2021-2025	1,090,000	456,626
2026-2030	1,270,000	300,912
2031-2034	1,175,000	95,360
Total	<u>\$ 4,500,000</u>	<u>\$ 1,450,966</u>

## Note 8 - Pension Plan

**Plan Description** – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits** – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

A multiplier (based on years of service).

The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriff and deputy and protection occupation members may retire at normal retirement age which is generally at age 55. Sheriff and deputy and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff and deputy and protection occupation members' monthly IPERS benefit includes:

60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.

The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits** – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member’s beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member’s accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions** – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the County contributed 8.93 percent for a total rate of 14.88 percent. Sheriff and deputy members and the County both contributed 9.88 percent of pay for a total rate of 19.76 percent. Protection occupation members contributed 6.76 percent of pay and the County contributed 10.14 percent for a total rate of 16.90 percent.

The County’s contributions to IPERS for the year ended June 30, 2015 were \$1,735,597.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2015, the County reported a liability of \$8,020,809 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County’s collective proportion was .2022 percent, which was a decrease of .0504 percent from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$519,725. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ -	\$ 108,341
Changes of Assumptions	147,752	-
Net Difference Between Projected and Actual Earnings on Pension		
Plan Investments	-	4,990,883
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	-	269,616
County Contributions Subsequent to the Measurement Date	1,735,597	-
Total	\$ 1,883,349	\$ 5,368,840

\$1,735,597 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	Total
2016	\$ (1,301,507)
2017	(1,301,507)
2018	(1,301,507)
2019	(1,301,507)
2020	(15,060)
	\$ (5,221,088)

There were no non-employer contributing entities at IPERS.

**Actuarial Assumptions** – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (Effective June 30, 2014)	3.00 percent per annum
Rates of Salary Increase (Effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (Effective June 30, 1996)	7.50 percent compounded annually, net of investment expense including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 19,349,791	\$ 8,020,809	\$ (1,526,511)

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

**Payables to the Pension Plan** - At June 30, 2015, the County had no payables to the defined benefit pension plan.

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

**Plan Description** – The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 355 active and 1 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. 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, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual Required Contribution	\$ 198,754
Interest on Net OPEB Obligation	36,371
Adjustments to Annual Required Contribution	<u>(36,136)</u>
 Annual OPEB cost (expense)	 198,989
Contributions Made	<u>35,907</u>
 Increase in net OPEB obligation	 163,082
Net OPEB Obligation, Beginning of Year	<u>909,286</u>
 Net OPEB Obligation, End of Year	 <u><u>\$ 1,072,368</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed \$35,907 to the medical plan. Plan members eligible for benefits contributed \$102,974 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	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 198,989	18.0%	\$ 1,072,368
June 30, 2014	173,305	33.7%	909,286
June 30, 2013	154,625	34.7%	794,426

**Funded Status and Funding Progress** – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1,809,579, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,809,579. The covered payroll (annual payroll of active employees covered by the plan) was \$16,989,677 and the ratio of the UAAL to covered payroll was 10.7%. As of June 30, 2015, 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, 2014, 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 9.0%. 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 SOA RPH-2014 Total Dataset Mortality table fully generational using Scale MP-2014.

Projected claim costs of the medical plan are \$685 per month for retirees. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of pay over 30 years based on an open group.

## **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 700 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 at a level determined by the Board not to exceed 300 percent of 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, 2015, were \$373,612.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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, two Assistant Treasurers and County Auditor. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 11 - Dubuque County Financial Information Included in the Mental Health/Disability Services of the East Central Region**

The Mental Health/Disability Services of the East Central Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 1, 2014, includes the following member counties: Bremer County, Buchanan County, Delaware County, Dubuque County, Iowa County, Johnson County, Jones County, Linn County, and Benton County. The financial activity of Benton County's Special Revenue, Mental Health Fund is included in the Mental Health/Disability Services of the East Central Region for the year ended June 30, 2015 as follows:

Revenues:		
Property and other county tax		\$ 4,299,489
Intergovernmental revenues:		
State tax credits	\$ 276,642	
Social services block grant	703,990	
Receipts from regional fiscal agent	220,860	
		1,201,492
Miscellaneous		44,531
Total revenues		5,545,512
Expenditures:		
Services to persons with:		
Mental illness		129,272
General administration:		
Direct administration	230,973	
Distribution to regional fiscal agent	2,941,859	
		3,172,832
Total expenditures		3,302,104
Excess of Revenues Over Expenditures		2,243,408
Fund Balance Beginning of Year		3,624,129
Fund Balance End of Year		\$ 5,867,537

**Note 12 - Conduit Debt Obligations**

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

At June 30, 2015, there was two series of Industrial Revenue Bonds outstanding with a principal amount payable of \$4,064,689.

**Note 13 - Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities
Net Position June 30, 2014 as Previously Reported	\$ 101,935,543
Net Pension Liability at June 30, 2014	(14,508,345)
Deferred Outflows of Resources Related to Prior Year Contributions Made After the June 30, 2013 Measurement Date	1,786,173
Net Position July 1, 2014, as Restated	\$89,213,371

#### **Note 14 - Prospective Accounting Pronouncements**

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

Statement No. 72, Fair Value Measurement and Application, issued February 2015, will be effective for the fiscal year ending June 30, 2016. The objective of this statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement No. 67 and Statement No. 68, will be effective for fiscal year ending June 30, 2016. The objective is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as amended.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, will be effective for the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will be effective for fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, will be effective June 30, 2016. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles.

Statement No. 77, Tax Abatement Disclosures, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

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



Required Supplementary Information  
June 30, 2015

## Dubuque County

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	Governmental		
	Funds	Budgeted Amounts	
	Actual	Original	Final
<b>Receipts:</b>			
Property and other County tax	\$ 33,477,434	\$ 33,408,430	\$ 33,562,539
Interest and penalty on property tax	207,166	229,250	108,750
Intergovernmental	21,801,887	15,982,385	23,258,991
Licenses and permits	111,916	86,200	95,150
Charges for service	3,610,564	3,983,647	3,888,328
Use of money and property	324,135	227,385	312,040
Miscellaneous	1,850,869	225,664	1,519,169
<b>Total receipts</b>	<b>61,383,971</b>	<b>54,142,961</b>	<b>62,744,967</b>
<b>Disbursements:</b>			
Public safety and legal services	13,696,532	13,879,168	13,920,645
Physical health and social services	11,932,608	12,767,024	12,559,229
Mental health	3,355,111	5,160,906	5,168,165
County environment and education	2,686,071	3,093,966	3,440,564
Roads and transportation	7,131,168	8,146,912	9,075,741
Governmental services to residents	1,345,639	1,324,523	1,354,028
Administration	6,640,658	4,134,843	10,790,559
Non-program	818,461	914,788	5,619,459
Debt service	661,475	590,264	662,847
Capital projects	11,520,770	5,419,607	12,169,865
<b>Total disbursements</b>	<b>59,788,493</b>	<b>55,432,001</b>	<b>74,761,102</b>
<b>Excess (Deficiency) of Receipts Over (Under)</b>			
Disbursements	1,595,478	(1,289,040)	(12,016,135)
Other Financing Sources, Net	5,122,065	2,000	4,667,285
<b>Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>			
Financing Uses	6,717,543	(1,287,040)	(7,348,850)
Balance Beginning of Year	27,849,285	16,992,836	27,849,258
Balance End of Year	<b>\$ 34,566,828</b>	<b>\$ 15,705,796</b>	<b>\$ 20,500,408</b>
<b>Reconciliation Between Cash and Modified Accrual Basis:</b>			
	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 61,383,971	\$ (867,208)	\$ 60,516,763
Expenditures	59,788,493	(4,099,322)	55,689,171
Net	1,595,478	3,232,114	4,827,592
Other Financing Sources, Net	5,122,065	(171,345)	4,950,720
Beginning Fund Balances	27,849,285	3,010,930	30,860,215
Ending Fund Balances	<b>\$ 34,566,828</b>	<b>\$ 6,071,699</b>	<b>\$ 40,638,527</b>

Dubuque County

Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual  
(Cash Basis) – All Governmental Funds and Budget to GAAP Reconciliation  
Required Supplementary Information  
Year Ended June 30, 2015

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	Final to Net
	Variance -
	Positive
	(Negative)
<hr/>	
\$	(85,105)
	98,416
	(1,457,104)
	16,766
	(277,764)
	12,095
	331,700
	<hr/>
	(1,360,996)
	<hr/>
	224,113
	626,621
	1,813,054
	754,493
	1,944,573
	8,389
	4,149,901
	4,800,998
	1,372
	649,095
	<hr/>
	14,972,609
	<hr/>
	13,611,613
	454,780
	<hr/>
	14,066,393
	27
	<hr/>
\$	14,066,420
	<hr/>

The 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 the Drug Task Force Special Revenue Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$19,329,101. 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, 2015, disbursements did not exceed the amounts budgeted for any function.

**Dubuque County**  
 Schedule of the County's Proportionate Share of the Net Pension Liability  
 Iowa Public Employee's Retirement System  
 Last Fiscal Year  
 Required Supplementary Information

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	2015
County's Collective Proportion of the Net Pension Liability (Asset)	0.2022%
County's Collective Proportionate Share of the Net Pension Liability (Asset)	\$ 8,020,809
County's Covered-Employee Payroll	\$ 19,336,737
County's Collective Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	41.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%

The amounts presented for each fiscal year were determined as of June 30th.

Data reported is measured as of July 1, 2014 (measurement date).

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**Dubuque County**  
 Schedule of the County Contributions  
 Iowa Public Employee's Retirement System  
 Last Three Fiscal Years  
 Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily Required Contribution	\$ 1,735,597	\$ 1,786,173	\$ 1,731,617
Contributions in Relation to the Statutorily Required Contribution	<u>1,735,597</u>	<u>1,786,173</u>	<u>1,731,617</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 19,006,685	\$ 19,336,737	\$ 19,218,530
Contributions as a Percentage of Covered-Employee Payroll	9.13%	9.24%	9.01%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

### **Changes of Benefit Terms**

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

### **Changes of Assumptions**

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.

- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.

- Adjusted male mortality rates for retirees in the Regular membership group.

- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.

- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.

- Modified retirement rates to reflect fewer retirements.

- Lowered disability rates at most ages.

- Lowered employment termination rates.

- Generally increased the probability of terminating members receiving a deferred retirement benefit.

- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted salary increase assumptions to service based assumptions.

Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.

Lowered the inflation assumption from 3.50 percent to 3.25 percent.

Lowered disability rates for sheriffs and deputies and protection occupation members.

Dubuque County  
Schedule of Funding Progress for the Retiree Health Plan  
Required Supplementary Information

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)
7/1/2014	\$ -	\$ 1,809,579	\$ 1,809,579	0.0%	\$ 16,989,677	10.7%
7/1/2013	-	1,660,555	1,660,555	0.0%	18,059,808	9.2%
7/1/2012	-	1,471,340	1,471,340	0.0%	17,533,794	8.4%

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  
June 30, 2015

## Dubuque County

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	Special Revenue					
	REAP Fund	County Recorder's Records Management	Rural Economic Development	Gold Dome	Sheriff Forfeiture	TIF
Assets						
Cash and Pooled Investments	\$ 37,302	\$ 54,223	\$ 816,491	\$ 55,418	\$ 533,389	\$ -
Receivables:						
Property tax						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Accounts	4	6	-	7	-	-
Due From Other Governments	-	-	-	-	-	-
Notes Receivable	-	-	404,614	-	-	-
Total assets	<u>\$ 37,306</u>	<u>\$ 54,229</u>	<u>\$ 1,221,105</u>	<u>\$ 55,425</u>	<u>\$ 533,389</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Deferred Inflows of Resources:						
Unavailable revenues						
Succeeding year						
property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Restricted	37,306	54,229	1,221,105	55,425	533,389	-
Committed	-	-	-	-	-	-
Total fund balances	<u>37,306</u>	<u>54,229</u>	<u>1,221,105</u>	<u>55,425</u>	<u>533,389</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,306</u>	<u>\$ 54,229</u>	<u>\$ 1,221,105</u>	<u>\$ 55,425</u>	<u>\$ 533,389</u>	<u>\$ -</u>

**Dubuque County**  
**Schedule 1 – Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

		<u>Capital Projects</u>				
<u>Time 21</u>	<u>Drug Task Force</u>	<u>Capital Projects</u>	<u>Conservation Land Acquisition</u>	<u>Debt Service</u>	<u>Total</u>	
\$ 1,172,328	\$ 1,021,984	\$ 1,737,570	\$ 105,636	\$ 9,130	\$ 5,543,471	
-	-	-	-	1,879	1,879	
-	-	-	-	604,265	604,265	
-	-	-	-	-	17	
-	-	-	-	4,500,000	4,500,000	
-	-	-	-	-	404,614	
<u>\$ 1,172,328</u>	<u>\$ 1,021,984</u>	<u>\$ 1,737,570</u>	<u>\$ 105,636</u>	<u>\$ 5,115,274</u>	<u>\$ 11,054,246</u>	
\$ -	\$ -	\$ -	\$ -	\$ 604,265	\$ 604,265	
-	-	-	-	1,276	1,276	
-	-	-	-	605,541	605,541	
1,172,328	1,021,984	37,570	105,636	4,509,733	8,748,705	
-	-	1,700,000	-	-	1,700,000	
<u>1,172,328</u>	<u>1,021,984</u>	<u>1,737,570</u>	<u>105,636</u>	<u>4,509,733</u>	<u>10,448,705</u>	
<u>\$ 1,172,328</u>	<u>\$ 1,021,984</u>	<u>\$ 1,737,570</u>	<u>\$ 105,636</u>	<u>\$ 5,115,274</u>	<u>\$ 11,054,246</u>	

	Special Revenue					
	REAP Fund	County Recorder's Records Management	Rural Economic Development	Gold Dome	Sheriff Forfeiture	TIF
Revenues:						
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,975
Intergovernmental	38,782	-	-	-	-	5,277
Charges for service	-	15,925	-	-	-	-
Use of money and property	116	72	10,914	83	2,056	-
Miscellaneous	-	-	-	-	660	-
Total revenues	<u>38,898</u>	<u>15,997</u>	<u>10,914</u>	<u>83</u>	<u>2,716</u>	<u>244,252</u>
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	-	230,531	-
County environment and education	-	-	3,470	-	-	244,252
Governmental services to residents	-	4,270	-	-	-	-
Debt Service	-	-	42,450	-	-	-
Capital projects	100,000	-	-	-	-	-
Total expenditures	<u>100,000</u>	<u>4,270</u>	<u>45,920</u>	<u>-</u>	<u>230,531</u>	<u>244,252</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(61,102)</u>	<u>11,727</u>	<u>(35,006)</u>	<u>83</u>	<u>(227,815)</u>	<u>-</u>
Other Financing Sources:						
Bond payable issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(61,102)	11,727	(35,006)	83	(227,815)	-
Fund Balances Beginning of Year	<u>98,408</u>	<u>42,502</u>	<u>1,256,111</u>	<u>55,342</u>	<u>761,204</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 37,306</u>	<u>\$ 54,229</u>	<u>\$ 1,221,105</u>	<u>\$ 55,425</u>	<u>\$ 533,389</u>	<u>\$ -</u>

Dubuque County  
Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

		Capital Projects				
Time 21	Drug Task Force	Capital Projects	Conservation Land Acquistion	Debt Service	Total	
\$ -	\$ -	\$ -	\$ -	\$ 572,434	\$ 811,409	
452,788	-	-	-	35,457	532,304	
-	-	-	-	-	15,925	
-	293	-	-	-	13,534	
-	34,424	-	-	53,764	88,848	
<u>452,788</u>	<u>34,717</u>	<u>-</u>	<u>-</u>	<u>661,655</u>	<u>1,462,020</u>	
-	69,789	-	-	-	300,320	
-	-	-	-	-	247,722	
-	-	-	-	-	4,270	
-	-	-	-	661,475	703,925	
7,934	-	368,117	266,621	-	742,672	
<u>7,934</u>	<u>69,789</u>	<u>368,117</u>	<u>266,621</u>	<u>661,475</u>	<u>1,998,909</u>	
<u>444,854</u>	<u>(35,072)</u>	<u>(368,117)</u>	<u>(266,621)</u>	<u>180</u>	<u>(536,889)</u>	
-	-	-	-	4,500,000	4,500,000	
-	401,016	-	-	-	401,016	
-	401,016	-	-	4,500,000	4,901,016	
444,854	365,944	(368,117)	(266,621)	4,500,180	4,364,127	
<u>727,474</u>	<u>656,040</u>	<u>2,105,687</u>	<u>372,257</u>	<u>9,553</u>	<u>6,084,578</u>	
<u>\$ 1,172,328</u>	<u>\$ 1,021,984</u>	<u>\$ 1,737,570</u>	<u>\$ 105,636</u>	<u>\$ 4,509,733</u>	<u>\$ 10,448,705</u>	

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
County Auditor				
Assets:				
Cash and pooled investments:				
Other County officials	\$ 6,255	\$ -	\$ -	\$ 6,255
Liabilities:				
Trusts payable	\$ 6,255	\$ -	\$ -	\$ 6,255
County Recorder				
Assets:				
Cash and pooled investments:				
Other County officials	\$ 71,750	\$ 1,385,218	\$ 1,362,329	\$ 94,639
Accounts receivable	3,051	-	3,051	-
Total assets	\$ 74,801	\$ 1,385,218	\$ 1,365,380	\$ 94,639
Liabilities:				
Due to other funds	\$ -	\$ 601,421	\$ 601,421	\$ -
Due to other governments	74,801	783,797	763,959	94,639
Total liabilities	\$ 74,801	\$ 1,385,218	\$ 1,365,380	\$ 94,639
County Recorder's Electronic Transaction Fee				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 1,263	\$ 15,457	\$ 15,261	\$ 1,459
Liabilities:				
Due to other governments	\$ 1,263	\$ 15,457	\$ 15,261	\$ 1,459

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
<b>County Sheriff</b>				
Assets:				
Cash and pooled investments:				
Other County officials	\$ 101,670	\$ 2,270,400	\$ 2,217,191	\$ 154,879
Liabilities:				
Due to other governments	\$ 93,592	\$ 2,237,899	\$ 2,217,191	\$ 114,300
Trusts payable	8,078	32,501	-	40,579
Total liabilities	\$ 101,670	\$ 2,270,400	\$ 2,217,191	\$ 154,879
<b>E911 Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 309,453	\$ 1,162,804	\$ 903,158	\$ 569,099
Liabilities:				
Due to other governments	\$ 309,453	\$ 1,162,804	\$ 903,158	\$ 569,099
<b>Drainage District Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 722	\$ 1	\$ -	\$ 723
Liabilities:				
Due to other governments	\$ 722	\$ 1	\$ -	\$ 723

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
<b>Agricultural Extension Education Fund</b>				
<b>Assets:</b>				
Cash and pooled investments:				
County Treasurer	\$ 2,657	\$ 402,850	\$ 403,267	\$ 2,240
Property tax receivable:				
Delinquent	673	842	673	842
Succeeding year	395,639	416,757	395,639	416,757
Total assets	<u>\$ 398,969</u>	<u>\$ 820,449</u>	<u>\$ 799,579</u>	<u>\$ 419,839</u>
<b>Liabilities:</b>				
Due to other governments	<u>\$ 398,969</u>	<u>\$ 820,449</u>	<u>\$ 799,579</u>	<u>\$ 419,839</u>
<b>County Assessor Fund</b>				
<b>Assets:</b>				
Cash and pooled investments:				
County Treasurer	\$ 356,654	\$ 556,701	\$ 582,335	\$ 331,020
Property tax receivable:				
Delinquent	2,130	1,737	2,130	1,737
Succeeding year	548,904	551,479	548,904	551,479
Total assets	<u>\$ 907,688</u>	<u>\$ 1,109,917</u>	<u>\$ 1,133,369</u>	<u>\$ 884,236</u>
<b>Liabilities:</b>				
Due to other governments	<u>\$ 907,688</u>	<u>\$ 1,109,917</u>	<u>\$ 1,133,369</u>	<u>\$ 884,236</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
<b>City Assessor Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 360,472	\$ 675,827	\$ 623,020	\$ 413,279
Property tax receivable:				
Delinquent	922	856	922	856
Succeeding year	660,578	599,996	660,578	599,996
Total assets	<u>\$ 1,021,972</u>	<u>\$ 1,276,679</u>	<u>\$ 1,284,520</u>	<u>\$ 1,014,131</u>
Liabilities:				
Due to other governments	<u>\$ 1,021,972</u>	<u>\$ 1,276,679</u>	<u>\$ 1,284,520</u>	<u>\$ 1,014,131</u>
<b>Schools Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 427,719	\$ 58,224,407	\$ 58,327,216	\$ 324,910
Property tax receivable:				
Delinquent	119,883	131,965	119,883	131,965
Succeeding year	46,636,391	58,346,978	46,636,391	58,346,978
Total assets	<u>\$ 47,183,993</u>	<u>\$ 116,703,350</u>	<u>\$ 105,083,490</u>	<u>\$ 58,803,853</u>
Liabilities:				
Due to other governments	<u>\$ 47,183,993</u>	<u>\$ 116,703,350</u>	<u>\$ 105,083,490</u>	<u>\$ 58,803,853</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
<b>Area Schools Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 27,589	\$ 3,939,034	\$ 3,944,459	\$ 22,164
Property tax receivable:				
Delinquent	8,872	9,884	8,872	9,884
Succeeding year	2,252,321	3,939,575	2,252,321	3,939,575
Total assets	<u>\$ 2,288,782</u>	<u>\$ 7,888,493</u>	<u>\$ 6,205,652</u>	<u>\$ 3,971,623</u>
Liabilities:				
Due to other governments	<u>\$ 2,288,782</u>	<u>\$ 7,888,493</u>	<u>\$ 6,205,652</u>	<u>\$ 3,971,623</u>
<b>Corporations Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 352,451	\$ 46,427,344	\$ 46,441,510	\$ 338,285
Property tax receivable:				
Delinquent	217,548	218,315	217,548	218,315
Succeeding year	29,521,214	31,134,584	29,521,214	31,134,584
Special assessments	26,944	48,058	26,944	48,058
Total assets	<u>\$ 30,118,157</u>	<u>\$ 77,828,301</u>	<u>\$ 76,207,216</u>	<u>\$ 31,739,242</u>
Liabilities:				
Due to other governments	<u>\$ 30,118,157</u>	<u>\$ 77,828,301</u>	<u>\$ 76,207,216</u>	<u>\$ 31,739,242</u>
<b>Townships Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 5,513	\$ 665,938	\$ 625,544	\$ 45,907
Property tax receivable:				
Delinquent	2,156	2,429	2,156	2,429
Succeeding year	659,640	681,671	659,640	681,671
Total assets	<u>\$ 667,309</u>	<u>\$ 1,350,038</u>	<u>\$ 1,287,340</u>	<u>\$ 730,007</u>
Liabilities:				
Due to other governments	<u>\$ 667,309</u>	<u>\$ 1,350,038</u>	<u>\$ 1,287,340</u>	<u>\$ 730,007</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
<b>Auto License and Use Tax Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 3,148,253	\$ 31,168,843	\$ 31,001,816	\$ 3,315,280
Liabilities:				
Due to other governments	\$ 3,148,253	\$ 31,168,843	\$ 31,001,816	\$ 3,315,280
<b>Brucellosis and Tuberculosis Eradication Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 98	\$ 13,662	\$ 7,257	\$ 6,503
Property tax receivable:				
Delinquent	25	28	25	28
Succeeding year	13,417	13,676	13,417	13,676
Total assets	\$ 13,540	\$ 27,366	\$ 20,699	\$ 20,207
Liabilities:				
Due to other governments	\$ 13,540	\$ 27,366	\$ 20,699	\$ 20,207
<b>Joint Disaster Services Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 62,791	\$ 267,895	\$ 255,670	\$ 75,016
Liabilities:				
Due to other governments	\$ 62,791	\$ 267,895	\$ 255,670	\$ 75,016

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
<b>County Hospital Fund</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 8,016	\$ 1,116,686	\$ 1,118,493	\$ 6,209
Other County officials	71,542	-	31,608	39,934
Property tax receivable:				
Delinquent	2,030	2,335	2,030	2,335
Succeeding year	1,096,697	1,117,941	1,096,697	1,117,941
Total assets	<u>\$ 1,178,285</u>	<u>\$ 2,236,962</u>	<u>\$ 2,248,828</u>	<u>\$ 1,166,419</u>
Liabilities:				
Due to other governments	\$ 1,106,743	\$ 2,236,962	\$ 2,217,220	\$ 1,126,485
Trusts payable	71,542	-	31,608	39,934
Total liabilities	<u>\$ 1,178,285</u>	<u>\$ 2,236,962</u>	<u>\$ 2,248,828</u>	<u>\$ 1,166,419</u>
<b>County Libraries</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	<u>\$ -</u>	<u>\$ 12,781</u>	<u>\$ 12,781</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	<u>\$ -</u>	<u>\$ 12,781</u>	<u>\$ 12,781</u>	<u>\$ -</u>
<b>Tax Sales</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	<u>\$ -</u>	<u>\$ 653,859</u>	<u>\$ 653,859</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 653,859</u>	<u>\$ 653,859</u>	<u>\$ -</u>
<b>Canine</b>				
Assets:				
Cash and pooled investments:				
County Treasurer	<u>\$ 4,629</u>	<u>\$ -</u>	<u>\$ 2,097</u>	<u>\$ 2,532</u>
Liabilities:				
Due to other governments	<u>\$ 4,629</u>	<u>\$ -</u>	<u>\$ 2,097</u>	<u>\$ 2,532</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2015

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
Commissary				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 52,563	\$ 93,284	\$ 77,464	\$ 68,383
Liabilities:				
Due to other governments	\$ 52,563	\$ 93,284	\$ 77,464	\$ 68,383
Total Combined Funds				
Assets:				
Cash and pooled investments:				
County Treasurer	\$ 5,120,843	\$ 145,397,373	\$ 144,995,207	\$ 5,523,009
Other County officials	251,217	3,655,618	3,611,128	295,707
Receivables:				
Property tax:				
Delinquent	354,239	368,391	354,239	368,391
Succeeding year	81,784,801	96,802,657	81,784,801	96,802,657
Special assessments	26,944	48,058	26,944	48,058
Accounts	3,051	-	3,051	-
Total assets	\$ 87,541,095	\$ 246,272,097	\$ 230,775,370	\$ 103,037,822
Liabilities:				
Accounts payable	\$ -	\$ 653,859	\$ 653,859	\$ -
Due to other funds	-	601,421	601,421	-
Due to other governments	87,455,220	244,984,316	229,488,482	102,951,054
Trusts payable	85,875	32,501	31,608	86,768
Total liabilities	\$ 87,541,095	\$ 246,272,097	\$ 230,775,370	\$ 103,037,822

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Property and other County tax	\$ 33,618,015	\$ 32,608,325	\$ 32,084,939	\$ 30,913,768
Interest and penalty on property tax	200,781	221,863	237,340	224,476
Intergovernmental	22,165,495	19,631,019	21,535,541	23,358,148
Licenses and permits	117,945	113,407	110,487	108,715
Charges for service	3,594,730	3,709,160	3,996,431	4,004,656
Use of money and property	201,157	133,029	141,018	168,113
Miscellaneous	618,640	518,874	433,537	1,024,946
	<u>618,640</u>	<u>518,874</u>	<u>433,537</u>	<u>1,024,946</u>
Total revenues	<u>\$ 60,516,763</u>	<u>\$ 56,935,677</u>	<u>\$ 58,539,293</u>	<u>\$ 59,802,822</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 14,060,278	\$ 13,584,345	\$ 13,292,399	\$ 13,249,658
Physical health and social services	12,035,761	12,568,583	12,917,259	13,472,096
Mental health	3,302,104	2,629,888	3,372,732	9,989,686
County environment and education	2,634,780	2,693,106	5,122,570	4,093,931
Roads and transportation	7,164,104	7,426,206	6,895,875	6,215,014
Governmental services to residents	1,340,195	1,372,871	1,330,179	1,345,280
Administration	6,973,229	6,434,258	6,525,488	6,979,699
Non-program	615,170	579,716	586,739	116,734
Debt service	703,925	607,076	598,451	559,373
Capital projects	6,859,625	5,804,916	4,974,231	2,229,233
	<u>6,859,625</u>	<u>5,804,916</u>	<u>4,974,231</u>	<u>2,229,233</u>
Total expenditures	<u>\$ 55,689,171</u>	<u>\$ 53,700,965</u>	<u>\$ 55,615,923</u>	<u>\$ 58,250,704</u>

**Dubuque County**  
**Schedule 4 – Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**  
**For the Last Ten Years**

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 29,574,036	\$ 28,562,060	\$ 27,240,375	\$ 25,406,202	\$ 24,190,478	\$ 23,020,154
240,058	261,911	204,352	177,902	192,133	80,611
20,318,005	20,845,449	19,812,556	19,187,628	16,933,453	16,539,239
83,304	75,470	178,046	60,989	81,279	95,459
3,912,029	3,792,025	3,922,171	3,169,249	3,523,109	3,356,019
307,016	467,130	633,308	1,129,355	1,192,835	1,022,662
560,346	393,937	409,897	328,877	315,320	288,477
<u>\$ 54,994,794</u>	<u>\$ 54,397,982</u>	<u>\$ 52,400,705</u>	<u>\$ 49,460,202</u>	<u>\$ 46,428,607</u>	<u>\$ 44,402,621</u>
\$ 13,136,717	\$ 12,079,638	\$ 11,965,162	\$ 11,360,666	\$ 10,788,429	\$ 9,656,409
12,993,063	12,779,713	12,154,247	11,551,452	11,475,539	11,501,263
8,552,515	7,925,094	8,467,938	8,996,144	8,740,684	7,695,818
3,269,688	3,654,391	3,075,000	2,762,417	2,807,662	2,183,929
6,741,818	6,298,896	6,583,797	6,675,885	5,063,529	5,965,514
1,339,640	1,370,059	1,519,862	1,375,544	1,353,856	1,206,131
5,257,900	4,081,313	4,559,159	2,828,811	2,635,300	2,662,217
310,965	183,530	20,496	172,268	100,032	14,038
543,399	542,900	541,050	543,300	539,001	539,850
335,339	5,337,010	3,394,096	1,916,989	4,223,880	4,883,263
<u>\$ 52,481,044</u>	<u>\$ 54,252,544</u>	<u>\$ 52,280,807</u>	<u>\$ 48,183,476</u>	<u>\$ 47,727,912</u>	<u>\$ 46,308,432</u>



Information Provided to Comply with *Government Auditing Standards* and OMB Circular A-133  
June 30, 2015

## Dubuque County

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

To the Officials of Dubuque County:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Dubuque County's basic financial statements, and have issued our report thereon dated March 24, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2015-A, 2015-B, and 2015-C 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 2015-D and 2015-E to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. 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.

### **County's Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa  
March 24, 2016

## **Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133**

To the Officials of Dubuque County:

### **Report on Compliance for the Major Federal Program**

We have audited Dubuque County, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2015. The County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the 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 our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

### **Basis for Qualified Opinion on Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii**

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with the requirements regarding CFDA 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii as described in finding number 2015-001 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

## **Qualified Opinion on Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii for the year ended June 30, 2015.

The County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of Dubuque County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and another we consider to be a significant deficiency.

*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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in Part III in the accompanying Schedule of Findings and Questioned costs as item 2015-001 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in Part III in the accompanying Schedule of Findings and Questioned Costs as item 2015-002 to be a significant deficiency.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Eide Bailly LLP*

Dubuque, Iowa  
March 24, 2016

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

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	N/A	\$ 39,842
U.S. Department of Housing and Urban Development:			
Pass-Through Program From:			
Iowa Economic Development Authority:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii			
	14.228	08-DRH-004	731,150
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii			
	14.228	08-DRH-204	2,542,332
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii			
	14.228	14-CRL-001	29,084
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii			
	14.228	13-OT-001	59,867
Total U.S. Department of Housing and Urban Development			<u>3,362,433</u>
U.S. Department of Justice:			
Pass-Through Program From:			
Iowa Department of Justice:			
Violence Against Women Formula Grants			
	16.588	VW-15-42A-CJ	65,608
Violence Against Women Formula Grants			
	16.588	VW-15-42C-CJ	473
			<u>66,081</u>

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

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:			
Edward Byrne Memorial Justice			
Assistance Grant Program	16.738	12JAG-76310	\$ 59,150
Direct Program:			
Equitable Sharing Program	16.922		54,870
Equitable Sharing Program	16.922		229,940
			<u>284,810</u>
Total U.S. Department of Justice			<u>410,041</u>
U.S. Department of Transportation:			
Pass-Through Program From:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C031(76)--8J-31	<u>1,870,000</u>
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures			
Incentive Grants I	20.601	15-405d-M6OT, Task 17	7,879
Alcohol Impaired Driving Countermeasures			
Incentive Grants I	20.601	14-405d-M6OT, Task 19	6,716
			<u>14,595</u>
Total U.S. Department of Transportation			<u>1,884,595</u>

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-Through Program From:			
Iowa Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5885BT22	\$ 113,812
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5885NB11	16,584
PPHF - Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	5884HP06	15,754
Iowa Department of Human Services:			
Child Support Enforcement	93.563	BOC 13-003	160,782
Refugee and Entrant Assistance - State Administered Programs	93.566	N/A	87
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	10,278
Foster Care - Title IV-E	93.658	N/A	15,256
Adoption Assistance	93.659	N/A	4,816
Social Services Block Grant	93.667	N/A	21,753
Social Services Block Grant	93.667	N/A	12,267
			<u>34,020</u>
Children's Health Insurance Program	93.767	N/A	185
Medical Assistance Program	93.778	N/A	75,029

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
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	5883AP07	\$ 10,692
HIV Prevention Activities - Health Department Based	93.940	5885AP07	<u>10,252</u>
			<u>20,944</u>
Total U.S. Department of Health and Human Services			<u>467,547</u>
U.S. Department of Homeland Security:			
Pass-Through Program From:			
Iowa Homeland Security and Emergency Management Department:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4018-DR-IA	<u>84,525</u>
Total			<u>\$ 6,248,983</u>

N/A – Not Available.

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dubuque County, Iowa, and is presented on the modified 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. The County received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is recorded as a payable to the subrecipient.

**Note 2 - Significant Accounting Policies**

Governmental fund types account for the County’s federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The County’s summary of significant accounting policies is presented in Note 1 in the County’s basic financial statements.

**Note 3 - 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	\$ 3,333,349

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

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	Yes

Identification of major program:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228
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**

**2015-A 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** – Formal written procedures for grant administration, cash management and tracking of capital assets have been prepared. Meetings were held with department heads and appropriate personnel to educate about the procedures and the communication necessary to administer grants. A request had been made to the Department of Justice for staff to participate in the Department’s on-line grant administration training program. We are still awaiting a response.

**2015-B 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.

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

**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** – Staff will receive additional training on the financial software system. Management will provide more oversight and review of process.

**2015-C Capital Asset Audit Adjustment**

**Criteria** – A properly designed system of internal control over financial reporting allows entities to report financial data reliably in accordance with generally accepted accounting principles.

**Condition** – During the course of our engagement, we proposed a material audit adjustment to capital asset balances that would not have been identified as a result of the County’s existing internal controls and, therefore, could have resulted in a misstatement of the County’s financial statements.

**Cause** – The County’s capital asset procedures do not include adequate controls over insuring all capital items are being included in the capital asset records or proper review and approval procedures.

**Effect** – The effect of this condition was financial data not in accordance with generally accepted accounting principles.

**Recommendation** – We recommend that County staff implement additional capital asset procedures to insure that the capital records are complete and include proper review and approval functions.

**Response** – With a change in personnel, the County will work to monitor capital expenditures more closely, particularly infrastructure items which are tracked separately from the main capital asset program.

**SIGNIFICANT DEFICIENCIES**

**2015-D 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.

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

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

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

**Response** – Bar coding and cashiering software have been implemented. Posting functions are rotated weekly between multiple staff and cross verified on a nearly daily basis. Since it is a small office, all employees are needed to receipt transactions.

**2015-E 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 III: Findings and Questioned Costs for Federal Awards:**

**MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE**

**2015-001 Subrecipient Monitoring**

**U.S. Department of Housing and Urban Development**

**CFDA #14.228 Community Development Block Grant Grants/State's Program and Non-Entitlement Grants in Hawaii**

**Criteria** – A properly designed system of internal control over compliance with the requirements of federal programs allows entities to meet those requirements set forth by the federal government in administering federal grants. The provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and 31 USC 7502 (Single Audit Act Amendments of 1996, Pub. L. No. 104-156) require the recipient of federal grants to perform certain monitoring functions when passing funds through to a subrecipient in order to ensure that the subrecipient is following all applicable requirements.

**Condition** – It appears there was no internal control procedure in place to ensure the County's subrecipients have the required single audits performed.

**Cause** – The subrecipient is aware of the single audit requirement. However, the subrecipient was not timely in requesting audit proposals. Consequently, the subrecipient is having difficulties in engaging an auditor.

**Effect** – One of the County's subrecipients did not comply with the single audit requirements. Consequently, the County is not in compliance with their subrecipient monitoring responsibilities.

**Questioned costs** – None identified.

**Recommendation** – The County should put procedures in place to insure timely subrecipient monitoring related to single audit requirement are in effect.

**Response** – Management will work with subrecipient's regarding the necessity of obtaining a single audit and will more closely monitor each situation.

**SIGNIFICANT DEFICIENCY**

**2015-002 Cash Management**

**U.S. Department of Housing and Urban Development**

**Passed-through Iowa Economic Development Authority**

**CFDA #14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii**

**Criteria** – A properly designed system of internal control over compliance with the requirements of federal programs allows entities to meet those requirements set forth by the federal government in administering federal grants. The Cash Management Improvement Act of 1990-31 CFR 205.33 requires that when grant funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds and disbursement.

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

**Condition** – The County held grant funds in excess of six weeks.

**Cause** – It appears the cause was due to miscommunication between County officials and the third party grant administrator.

**Effect** – The County did not comply with federal requirements regarding the Cash Management Improvement Act.

**Questioned costs** – None identified.

**Recommendation** – The County should put procedures in place to insure that they are following all requirements of federal grants related to the provisions of the Cash Management Improvement Act.

**Response** – Initial procedures which were implemented continue to be updated as necessary.

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

**2015-IA-A Certified Budget** – Disbursements during the year ended June 30, 2015, did not exceed the amount budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated.

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

**Response** – Increases in appropriations will be made before disbursements are allowed to exceed the appropriation. Budgetary responsibility of some departments have been consolidated to provide better oversight.

**2015-IA-B 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.

**2015-IA-C Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.

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

**2015-IA-D Business Transactions** – Business transactions between the County and County officials and/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	\$ 5,734

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.

**Response** – White Front Feed and Seed has at times provided the County with seed for vegetation in road side ditches. 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.

**2015-IA-E Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

**2015-IA-F Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

**2015-IA-G Deposits and Investments** – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

**2015-IA-H 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).

**2015-IA-I 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, 2015, for the County Extension Office did not exceed the amount budgeted.

**2015-IA-J Urban Renewal Annual Report** – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.

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

**2015-IA-K Notice of Public Hearing for Public Improvements** – Chapter 26.12 of the Code of Iowa requires a public hearing be held before the plans of a public improvement are approved. During the audit, we noted one instance where the plans were approved before the public hearing was held.

**Recommendation** – The County should implement procedures to ensure required public hearings are held before the plans of public improvements are approved.

**Response** – When the new County Engineer first started with Dubuque County he was unaware that the County held a public hearing for each project individually. This one particular project's public hearing was missed inadvertently. Typically most counties hold one public hearing for their five year construction program which covers the requirement for project public hearing. We have since held a public hearing for each project we have bid.

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
<b>Findings Related to the Basic Financial Statements:</b>				
2015-A	Material Audit Adjustments	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Denise Dolan, County Auditor 563-589-4456	Not determined at this date.
2015-B	Preparation of Government-wide Financial Statements	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Denise Dolan, County Auditor 563-589-4456	Not determined at this date.
2015-C	Capital Asset Audit Adjustment	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Denise Dolan, County Auditor 563-589-4456	Not determined at this date
2015-D	County Recorder Segregation of Duties	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Denise Dolan, County Auditor 563-589-4456	Not determined at this date
2015-E	County Sheriff Segregation of Duties	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Denise Dolan, County Auditor 563-589-4456	Not determined at this date

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
<b>Findings Related to Federal Awards:</b>				
2015-001	Subrecipient Monitoring	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Denise Dolan, County Auditor 563-589-4456	Not determined at this date
2015-002	Cash Management	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Denise Dolan, County Auditor 563-589-4456	Not determined at this date

**2014-001 U.S. Department of Housing and Urban Development  
Passed-through Iowa Economic Development Authority  
CFDA #14.228 Community Development Block Grants/State's Program and Non-Entitlement  
Grants in Hawaii**

**Cash Management  
Significant Deficiency in Internal Control over Compliance**

Finding:

Criteria – A properly designed system of internal control over compliance with the requirements of federal programs allows entities to meet those requirements set forth by the federal government in administering federal grants. The Cash Management Improvement Act of 1990-31 CFR 205.33 requires that when grant funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds and disbursement.

Condition – The County held grant funds in excess of seven weeks.

Cause – It appears the cause was due to miscommunication between the County and the third party grant administrator.

Effect – The County did not comply with federal requirements regarding the Cash Management Improvement Act.

Recommendation – The County should put procedures in place to insure that they are following all requirements of federal grants related to the provisions of the Cash Management Improvement Act.

Status: Not resolved.

Auditor Response: Finding has been repeated for CFDA #14.228 as 2015-002.