



Financial Statements  
June 30, 2017

# 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
Jay Wickham	Board of Supervisors	January, 2019
Dave Baker	Board of Supervisors	January, 2021
Denise Dolan	County Auditor	January, 2021
Eric Stierman	County Treasurer	January, 2019
John Murphy	County Recorder	January, 2019
Joe Kennedy	County Sheriff	January, 2021
Ralph Potter	County Attorney	January, 2019
Dave Kubik	County Assessor	January, 2022
Rick Engelken	City Assessor	January, 2022



## 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, the business-type activities, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of and for the year ended June 30, 2017, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of June 30, 2017, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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, 2016 (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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), 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 9, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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.

*Eide Sully LLP*

Dubuque, Iowa  
March 9, 2018

## 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, 2017. 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 \$118,051,073 (*net position*).
- The County's net position increased by \$11,524,954.

As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$45,532,582, an increase of \$2,669,270 in comparison with the prior year.

- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,719,595 or 28.12% of total general fund expenditures.
- Total long-term liabilities of the governmental activities increased by \$7,665,635 (57.06%) 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. Sunnycrest Operations is the sole business-type activity of the County.

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 three 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, debt service fund, and the local option tax fund, all of which are considered to be major funds. Data from the other 10 funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17-20 of this report.

- 2) Proprietary funds account for the services for which the County charges a fee. Proprietary funds are reported in the same way as the Government-wide statements. The County's enterprise fund (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows. The County has one enterprise fund for Sunnycrest Operations.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

- 3) 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 24 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 25-48 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 49-54 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 55-64 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 \$118,051,073 at the close of the most recent fiscal year.

### Dubuque County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 81,312,295	\$ 79,642,290	\$ 2,014,092	\$ 1,155,333	\$ 83,326,387	\$ 80,797,623
Capital Assets	93,563,722	81,299,050	-	-	93,563,722	81,299,050
Total assets	174,876,017	160,941,340	2,014,092	1,155,333	176,890,109	162,096,673
Deferred Outflows of Resources	3,615,825	1,512,985	1,281,982	658,672	4,897,807	2,171,657
Long-Term Liabilities	21,099,515	13,433,880	5,712,469	5,034,172	26,811,984	18,468,052
Other Liabilities	2,493,563	4,591,718	425,824	645,975	2,919,387	5,237,693
Total liabilities	23,593,078	18,025,598	6,138,293	5,680,147	29,731,371	23,705,745
Deferred Inflows of Resources	33,581,011	33,351,294	424,461	685,172	34,005,472	34,036,466
Net Position						
Net investment in capital assets	93,563,722	81,268,132	-	-	93,563,722	81,268,132
Restricted	25,811,567	30,517,560	-	-	25,811,567	30,517,560
Unrestricted	1,942,464	(708,259)	(3,266,680)	(4,551,314)	(1,324,216)	(5,259,573)
Total net position	\$ 121,317,753	\$ 111,077,433	\$ (3,266,680)	\$ (4,551,314)	\$ 118,051,073	\$ 106,526,119

The largest portion of the County's net position (79.3%) 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, increased from \$(5,259,573) at June 30, 2016 to \$(1,324,216) at the end of this year, a increase of 74.82%. A portion of the increase from prior year is attributable to the decrease in loss from Sunnycrest Manor Operations of \$1,284,634.

**Governmental activities.** Governmental activities increased the County's position by \$10,240,320.

**Business-Type activities.** Business-type activities decreased the County's position by \$1,284,634.

A condensed version of the Statement of Activities as of June 30, 2017, follows:

Dubuque County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Program Revenues</b>						
Fines, fees, and charges for services	\$ 2,854,306	\$ 2,981,711	\$ 9,365,622	\$ 9,036,019	\$ 12,219,928	\$ 12,017,730
Operating grants and contributions	10,233,921	13,558,028	-	-	10,233,921	13,558,028
Capital grants and contributions	5,225,379	1,021,404	-	-	5,225,379	1,021,404
<b>General Revenues</b>						
Property and other County tax	30,797,904	29,385,348	-	-	30,797,904	29,385,348
Penalty and interest on property tax	236,361	210,604	-	-	236,361	210,604
State tax credits	2,824,080	2,738,574	-	-	2,824,080	2,738,574
Local option sales tax	3,791,363	3,900,827	-	-	3,791,363	3,900,827
Gambling taxes	586,203	604,963	-	-	586,203	604,963
Unrestricted investment earnings	221,425	277,100	-	-	221,425	277,100
Miscellaneous	743,405	645,445	149,184	117,273	892,589	762,718
Total revenues	<u>57,514,347</u>	<u>55,324,004</u>	<u>9,514,806</u>	<u>9,153,292</u>	<u>67,029,153</u>	<u>64,477,296</u>
<b>Program Expenses</b>						
Public safety and legal services	14,747,714	14,366,498	-	-	14,747,714	14,366,498
Physical health and social services	1,946,146	1,835,702	-	-	1,946,146	1,835,702
Mental health	3,349,601	3,294,819	-	-	3,349,601	3,294,819
County environment and education	2,424,205	2,788,045	-	-	2,424,205	2,788,045
Roads and transportation	11,776,020	13,443,162	-	-	11,776,020	13,443,162
Governmental services to residents	1,542,081	1,426,108	-	-	1,542,081	1,426,108
Administration	7,494,894	10,898,981	-	-	7,494,894	10,898,981
Non-program	1,373,141	1,305,967	-	-	1,373,141	1,305,967
Interest on long-term debt	195,244	141,793	-	-	195,244	141,793
Sunnycrest Operations	-	-	10,655,153	10,410,949	10,655,153	10,410,949
Total expenses	<u>44,849,046</u>	<u>49,501,075</u>	<u>10,655,153</u>	<u>10,410,949</u>	<u>55,504,199</u>	<u>59,912,024</u>
<b>Increase (Decrease) in Net Position Before Transfers</b>	12,665,301	5,822,929	(1,140,347)	(1,257,657)	11,524,954	4,565,272
<b>Transfers</b>	(2,424,981)	3,293,657	2,424,981	(3,293,657)	-	-
<b>Increase (Decrease) in Net Position</b>	10,240,320	9,116,586	1,284,634	(4,551,314)	11,524,954	4,565,272
<b>Net Position Beginning of the Year</b>	111,077,433	101,960,847	(4,551,314)	-	106,526,119	101,960,847
<b>Net Position End of the Year</b>	<u>\$ 121,317,753</u>	<u>\$ 111,077,433</u>	<u>\$ (3,266,680)</u>	<u>\$ (4,551,314)</u>	<u>\$ 118,051,073</u>	<u>\$ 106,526,119</u>

- Taxes increased by \$1,412,556 or 4.81%, during the year. This increase represents a taxable valuation growth of .5%, an almost 6-cent increase in the general fund levy, a 54-cent decrease in the MH/DD levy, a 39.7-cent increase in the debt service levy totaling a 9-cent decrease in the county wide levy. There was a 9-cent increase in the rural levy.

### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$45,532,582, an increase of \$2,669,270 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 \$7,719,595, while the total fund balance reached \$12,839,935. 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 28.12% of total general fund expenditures, while total fund balance represents 46.77% of that same amount.

The fund balance of the County's general fund increased \$2,473,939 during the current fiscal year. Key factors in this increase are as follows:

- Revenues decreased \$2,409,491, due to decreases in revenue categories, particularly intergovernmental revenue with a decrease of \$3,672,595 as well as a decrease in miscellaneous revenue.
- Expenses decreased \$4,510,436 primarily due to a large decrease in administrative services of \$4,611,220.
- Other financing sources decreased due to a \$154,210 decrease to transfers out in the current year.

The rural services fund has a total fund balance of \$305,682, which is an increase of \$156,797 from the prior year. Key factors in this increase are as follows:

- Revenues increased \$380,993 due to increases in the intergovernmental and charges for service revenue categories.
- Expenses decreased \$246,118 due to decreased expenses in the county environment and education activity.
- Other Financing Sources had an increase in funds transferred out of \$251,842

The secondary roads fund has a total fund balance of \$5,418,497, which is an increase of \$ 347,901 from the prior year. Key factors in this increase are as follows

- Revenue increased \$287,061 due to increases in intergovernmental and licenses and permits categories.
- Expenses increased by \$434,090 due to an increase in capital projects.
- An increase in transfers in of \$251,842 attributed to an increase in Other Financing Sources.

The mental health fund has a total fund balance of \$5,678,900 which is a decrease of \$1,259,116 from the prior year. Key factors in this increase are as follows:

- Revenue decreased by \$2,278,514, as the Board of Supervisors transferred levy authority to debt service.
- Expense increased slightly as the Board of Supervisors worked to decrease the fund's ending balance.

The local option tax fund has a total fund balance of \$3,996,077, which is a decrease of \$5,139,625 from the prior year. A key factor in the increase was:

- Revenue decreased by \$1,441,639 due to \$1.2-million decrease in intergovernmental revenues, while expenses increased by \$3.85-million due to various capital road projects

The debt service fund was a major fund in FY17 with total fund balance of \$10,533,578, which is an increase of \$6,210,754 from the prior year. Key factors in the increase are:

- \$4,110,000 in General Obligation debt was issued in September, 2016 to fund various capital projects. The County, also, issued \$5,300,000 in General Obligation Landfill Facility Bonds in December, 2016 on behalf of the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), of which it is a member. This was in addition to \$4,500,000 in General Obligation Landfill Facility Bonds issued in December, 2014, also on behalf of DMASWA.

***Proprietary Funds.*** The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The Sunnycrest Manor Operations proprietary fund has a total fund balance of \$(3,266,680), a decrease of \$1,284,634 from the prior year. Key factors in the decrease were:

- An increase in revenues of \$361,514 and an increase in expenses of \$244,204 led to a \$117,310 decrease in the fund's operating loss.
- There was a \$5,835,948 increase in transfers to the fund.

### **Budgetary Highlights**

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

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

The first amendment, on October 10, 2016, net of transfers, decreased revenues by \$3,036,163 and decreased disbursements by \$8,971,228. 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 second amendment, on March 13, 2017, net of transfers, increased revenues by \$6,856,782 and increased disbursements by \$2,981,736. This reflects mid-year re-estimate changes made by the Board of Supervisors during department work sessions for preparation of the FY18 budget.

The third amendment, on May 22, 2017, net of transfers, increased revenue by \$24,216 and increased disbursements by \$429,876. The increase was due to expenses which were unanticipated at the time of the mid-year amendment but required appropriation prior to yearend.

The net increase in revenues and other sources of \$2,709,835 resulted in an amended total revenue of \$70,328,639. The net increase in disbursements and other uses of \$11,247,840 resulted in an amended total of \$82,201,400.

Actual cash disbursements for the year totaled \$70,408,116, which is \$11,793,284 less than the final amended budget. The largest factor contributing to the difference was administration disbursements which were \$4,354,114 less than the budgeted amount. This is largely due to general services funds that were appropriated but not used in FY17. Also contributing was capital project disbursements which due to timing of projects were \$2,440,861 less than budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY17, Dubuque County had \$93,563,722 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 \$12,264,672, or 15.09% over last year

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

	June 30,	
	2017	2016
Land	\$ 4,331,622	\$ 4,331,622
Construction in Progress	6,404,741	5,666,988
Buildings	11,235,791	10,119,744
Improvements Other Than Buildings	1,058,142	1,153,355
Machinery and Equipment	6,695,204	6,325,022
Infrastructure	63,838,222	53,702,319
Total	\$ 93,563,722	\$ 81,299,050

The County had depreciation expense of \$5,278,036 for the year ended June 30, 2017, and total accumulated depreciation as of June 30, 2017 of \$81,310,735.

The County's final fiscal year 2017 capital budget included approximately \$14.5 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 34 and 35 of this report.

### Long-term Liabilities

At year-end, the County had total long-term liabilities of \$26,811,984 compared to \$18,468,052 last year, an increase of \$8,343,932 (45.18%), as detailed below:

	Governmental Activities		Business- Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Bonds Payable	\$ 9,125,000	\$ 4,315,000	\$ -	\$ -	\$ 9,125,000	\$ 4,315,000
Notes Payable	324,515	394,250	-	-	324,515	394,250
Compensated Absences	1,999,211	1,825,790	568,508	617,301	2,567,719	2,443,091
Net Pension Liability	8,739,716	6,056,155	4,728,754	4,031,832	13,468,470	10,087,987
Net OPEB Liability	911,073	842,685	415,207	385,039	1,326,280	1,227,724
Total	<u>\$ 21,099,515</u>	<u>\$ 13,433,880</u>	<u>\$ 5,712,469</u>	<u>\$ 5,034,172</u>	<u>\$ 26,811,984</u>	<u>\$ 18,468,052</u>

For more detailed information on the County's debt and amortization terms, please refer to Note 7 on page 36 and 37 of this report.

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

The unemployment rate for the County is currently 3.0%, down .9% from the previous year and comparable with the State of Iowa rate of 2.8% and the 4.1% national rate. Currently, there are 59,600 non-farm jobs in Dubuque County, a decrease of 1,500 from the previous year.

Taxes levied for fiscal year 2018 will increase by \$1,028,648, or 3.2% from the fiscal year 2017 budget. This increase represents a taxable valuation growth of 2.6%, a decrease of 4.5-cents in the county-wide tax levy rate and a decrease of 4.5-cents in the rural levy rate.

The 2018 County-wide levy rate is \$6.34143 per thousand dollars of taxable value. Net property tax revenue represents 52% of total revenues and other sources, an increase of 9% from the prior year. Rural residents will pay \$10.00045 per thousand dollars of taxable value, including the rural service levy of \$3.65902.

### 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, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Pooled Investments	\$ 35,934,412	\$ 1,191,862	\$ 37,126,274
Receivables			
Property tax			
Delinquent	67,618	-	67,618
Succeeding year	32,622,955	-	32,622,955
Interest and penalty on property tax	69,710	-	69,710
Accounts	33,456	-	33,456
Due from Other Governments	10,812,325	813,036	11,625,361
Prepaid Expenses	344,007	-	344,007
Inventories	570,481	9,194	579,675
Notes Receivable	857,331	-	857,331
Capital Assets			
Capital assets, not being depreciated	10,736,363	-	10,736,363
Capital assets (net of accumulated depreciation)	82,827,359	-	82,827,359
Total assets	<u>174,876,017</u>	<u>2,014,092</u>	<u>176,890,109</u>
<b>Deferred Outflows of Resources</b>			
Pension Related Deferred Outflows of Resources	<u>3,615,825</u>	<u>1,281,982</u>	<u>4,897,807</u>
<b>Liabilities</b>			
Accounts Payable	1,697,014	168,038	1,865,052
Salaries and Benefits Payable	635,763	257,786	893,549
Accrued Interest Payable	1,467	-	1,467
Due to Other Governments	159,319	-	159,319
Long-Term Liabilities			
Portion due or payable within one year			
Bonds and notes payable	434,205	-	434,205
Compensated absences	1,130,956	321,606	1,452,562
Portion due or payable after one year			
Bonds and notes payable	9,015,310	-	9,015,310
Compensated absences	868,255	246,902	1,115,157
Net pension liability	8,739,716	4,728,754	13,468,470
Net OPEB liability	911,073	415,207	1,326,280
Total liabilities	<u>23,593,078</u>	<u>6,138,293</u>	<u>29,731,371</u>

Dubuque County  
Exhibit A – Statement of Net Position  
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Deferred Property Tax Revenue	\$ 32,622,955	\$ -	\$ 32,622,955
Pension Related Deferred Inflows of Resources	958,056	424,461	1,382,517
Total deferred inflows of resources	<u>33,581,011</u>	<u>424,461</u>	<u>34,005,472</u>
Net Position			
Net Investment in Capital Assets	93,563,722	-	93,563,722
Restricted For			
Supplemental levy purposes	4,342,131	-	4,342,131
Mental health purposes	5,689,217	-	5,689,217
Secondary roads purposes	7,108,111	-	7,108,111
Economic development	823,226	-	823,226
Debt service	1,414,028	-	1,414,028
Capital projects	4,566,939	-	4,566,939
Other purposes	1,867,915	-	1,867,915
Unrestricted (Deficit)	<u>1,942,464</u>	<u>(3,266,680)</u>	<u>(1,324,216)</u>
Total net position (deficit)	<u><u>\$ 121,317,753</u></u>	<u><u>\$ (3,266,680)</u></u>	<u><u>\$ 118,051,073</u></u>

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Public safety and legal services	\$ 14,747,714	\$ 619,564	\$ 571,631	\$ -
Physical health and social services	1,946,146	41,089	571,501	-
Mental health	3,349,601	-	247,615	-
County environment and education	2,424,205	393,268	48,043	-
Roads and transportation	11,776,020	92,034	5,564,927	5,225,379
Governmental services to residents	1,542,081	1,581,700	-	-
Administration	7,494,894	126,651	2,921,429	-
Non-program	1,373,141	-	-	-
Interest on long-term debt	195,244	-	308,775	-
Total Governmental Activities	<u>44,849,046</u>	<u>2,854,306</u>	<u>10,233,921</u>	<u>5,225,379</u>
Business Type Activities				
Sunnycrest Operations	<u>10,655,153</u>	<u>9,365,622</u>	<u>-</u>	<u>-</u>
Total Government	<u>\$ 55,504,199</u>	<u>\$ 12,219,928</u>	<u>\$ 10,233,921</u>	<u>\$ 5,225,379</u>
General Revenues				
Property and other County tax levied for				
General purposes				
Debt service				
Penalty and interest on property tax				
State tax credits				
Local option sales tax				
Gambling taxes				
Unrestricted investment earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position (Deficit) Beginning of Year				
Net Position (Deficit) End of Year				

See Notes to Financial Statements

Dubuque County  
Exhibit B – Statement of Activities  
Year Ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (13,556,519)	\$ -	\$ (13,556,519)
(1,333,556)	-	(1,333,556)
(3,101,986)	-	(3,101,986)
(1,982,894)	-	(1,982,894)
(893,680)	-	(893,680)
39,619	-	39,619
(4,446,814)	-	(4,446,814)
(1,373,141)	-	(1,373,141)
113,531	-	113,531
(26,535,440)	-	(26,535,440)
-	(1,289,531)	(1,289,531)
(26,535,440)	(1,289,531)	(27,824,971)
28,372,211	-	28,372,211
2,425,693	-	2,425,693
236,361	-	236,361
2,824,080	-	2,824,080
3,791,363	-	3,791,363
586,203	-	586,203
221,425	-	221,425
743,405	149,184	892,589
39,200,741	149,184	39,349,925
(2,424,981)	2,424,981	-
10,240,320	1,284,634	11,524,954
111,077,433	(4,551,314)	106,526,119
\$ 121,317,753	\$ (3,266,680)	\$ 118,051,073

	Special Revenue		
	General	Rural Services	Secondary Roads
<b>Assets</b>			
Cash and Pooled Investments	\$ 12,731,509	\$ 310,950	\$ 4,884,964
Receivables			
Property tax			
Delinquent	45,590	11,436	-
Succeeding year	23,875,634	4,719,179	-
Interest and penalty on property tax	69,710	-	-
Accounts	27,104	2,350	4,002
Due From Other Governments	334,564	-	523,201
Inventories	-	-	570,481
Prepaid Expenses	344,007	-	-
Notes Receivable	434,202	-	-
	<u>434,202</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 37,862,320</u>	<u>\$ 5,043,915</u>	<u>\$ 5,982,648</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 325,600	\$ 449	\$ 444,317
Salaries and benefits payable	513,354	7,172	108,792
Due to other governments	70,906	-	1,594
Total liabilities	<u>909,860</u>	<u>7,621</u>	<u>554,703</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues			
Succeeding year property tax	23,875,634	4,719,179	-
Other	236,891	11,433	9,448
Total deferred inflows of resources	<u>24,112,525</u>	<u>4,730,612</u>	<u>9,448</u>
<b>Fund Balances</b>			
Nonspendable	778,209	-	570,481
Restricted	4,342,131	305,682	4,848,016
Committed	-	-	-
Unassigned	7,719,595	-	-
Total fund balances	<u>12,839,935</u>	<u>305,682</u>	<u>5,418,497</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,862,320</u>	<u>\$ 5,043,915</u>	<u>\$ 5,982,648</u>

See Notes to Financial Statements

Dubuque County  
Exhibit C – Balance Sheet  
Governmental Funds  
June 30, 2017

Mental Health	Capital Projects Local Option Tax	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,576,929	\$ 4,666,558	\$ 1,406,899	\$ 6,356,603	\$ 35,934,412
3,463	-	7,129	-	67,618
1,729,441	-	2,298,701	-	32,622,955
-	-	-	-	69,710
-	-	-	-	33,456
118,688	710,514	9,125,000	358	10,812,325
-	-	-	-	570,481
-	-	-	-	344,007
-	20,177	-	402,952	857,331
\$ 7,428,521	\$ 5,397,249	\$ 12,837,729	\$ 6,759,913	\$ 81,312,295
\$ 3,418	\$ 923,230	\$ -	\$ -	\$ 1,697,014
6,445	-	-	-	635,763
-	86,819	-	-	159,319
9,863	1,010,049	-	-	2,492,096
1,729,441	-	2,298,701	-	32,622,955
10,317	391,123	5,450	-	664,662
1,739,758	391,123	2,304,151	-	33,287,617
-	-	-	-	1,348,690
5,678,900	3,996,077	10,533,578	4,559,913	34,264,297
-	-	-	2,200,000	2,200,000
-	-	-	-	7,719,595
5,678,900	3,996,077	10,533,578	6,759,913	45,532,582
\$ 7,428,521	\$ 5,397,249	\$ 12,837,729	\$ 6,759,913	\$ 81,312,295

Dubuque County  
Exhibit D – Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Position  
June 30, 2017

Total Governmental Fund Balances \$ 45,532,582

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	6,404,741	
Infrastructure, net of \$59,181,006 accumulated depreciation	63,838,222	
Buildings, net of \$8,947,367 accumulated depreciation	11,235,791	
Machinery and equipment, net of \$12,243,299 accumulated depreciation	6,695,204	
Improvements other than buildings, net of \$939,063 accumulated depreciation	<u>1,058,142</u>	
Total capital assets		93,563,722

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

Property taxes and intergovernmental	664,662
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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	3,615,825
Deferred inflows of resources	(958,056)

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, 2017 are:

Accrued interest on debt	(1,467)	
Bonds and Notes payable	(9,449,515)	
Compensated absences	(1,999,211)	
Net pension liability	(8,739,716)	
Net OPEB liability	<u>(911,073)</u>	
Total long-term liabilities		<u>(21,100,982)</u>

Net Position of Governmental Activities	<u>\$ 121,317,753</u>
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See Notes to Financial Statements

	General	Special Revenue	
		Rural Services	Secondary Roads
<b>Revenues</b>			
Property and other County tax	\$ 22,598,687	\$ 4,482,513	\$ -
Interest and penalty on property tax	223,218	-	-
Intergovernmental	6,295,564	283,496	5,084,714
Licenses and permits	74,544	17,214	67,005
Charges for service	2,343,400	28,252	8,724
Use of money and property	227,364	-	7,499
Miscellaneous	589,247	721	125,724
Total revenues	<u>32,352,024</u>	<u>4,812,196</u>	<u>5,293,666</u>
<b>Expenditures</b>			
Operating			
Public safety and legal services	14,335,233	-	-
Physical health and social services	1,943,714	-	-
Mental health	-	-	-
County environment and education	1,857,813	269,205	-
Roads and transportation	-	-	7,745,152
Governmental services to residents	1,489,051	-	-
Administration	6,996,165	-	-
Non-program	831,128	542,013	-
Debt service	-	-	-
Capital projects	-	-	1,044,794
Total expenditures	<u>27,453,104</u>	<u>811,218</u>	<u>8,789,946</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>4,898,920</u>	<u>4,000,978</u>	<u>(3,496,280)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	3,844,181
Transfers out	(2,424,981)	(3,844,181)	-
Bonds and notes payable issued	-	-	-
Premium on bonds payable	-	-	-
Total Other Financing Sources (Uses)	<u>(2,424,981)</u>	<u>(3,844,181)</u>	<u>3,844,181</u>
Net Change in Fund Balances	2,473,939	156,797	347,901
Fund Balances Beginning of Year	<u>10,365,996</u>	<u>148,885</u>	<u>5,070,596</u>
Fund Balances End of Year	<u>\$ 12,839,935</u>	<u>\$ 305,682</u>	<u>\$ 5,418,497</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, 2017

Mental Health	Capital Projects Local Option Tax	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,668,940	\$ 3,791,363	\$ 2,425,693	\$ 201,964	\$ 35,169,160
-	-	-	-	223,218
414,225	50,000	426,761	534,296	13,089,056
-	-	-	-	158,763
-	-	-	17,322	2,397,698
-	8,434	-	13,745	257,042
1,883	-	-	65,927	783,502
2,085,048	3,849,797	2,852,454	833,254	52,078,439
-	-	-	279,172	14,614,405
-	-	-	-	1,943,714
3,344,164	-	-	-	3,344,164
-	-	-	222,913	2,349,931
-	-	-	-	7,745,152
-	-	-	-	1,489,051
-	-	-	-	6,996,165
-	-	-	-	1,373,141
-	-	1,859,764	42,450	1,902,214
-	8,989,422	-	1,610,099	11,644,315
3,344,164	8,989,422	1,859,764	2,154,634	53,402,252
(1,259,116)	(5,139,625)	992,690	(1,321,380)	(1,323,813)
-	-	-	-	3,844,181
-	-	-	-	(6,269,162)
-	-	5,100,000	1,200,000	6,300,000
-	-	118,064	-	118,064
-	-	5,218,064	1,200,000	3,993,083
(1,259,116)	(5,139,625)	6,210,754	(121,380)	2,669,270
6,938,016	9,135,702	4,322,824	6,881,293	42,863,312
\$ 5,678,900	\$ 3,996,077	\$ 10,533,578	\$ 6,759,913	\$ 45,532,582

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, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 2,669,270

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	\$ 12,434,793	
Contributed capital assets	5,225,379	
Depreciation expense	<u>(5,278,036)</u>	12,382,136

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.

(117,464)

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	(6,300,000)	
Repayments	<u>1,559,735</u>	(4,740,265)

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	19,453	
Grant proceeds	<u>73,049</u>	92,502

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.

1,345,609

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	175	
Change in compensated absences	(173,421)	
Pension expense	(1,149,834)	
Change in net OPEB liability	<u>(68,388)</u>	<u>(1,391,468)</u>

Change in Net Position of Governmental Activities \$ 10,240,320

**Dubuque County**  
 Exhibit G – Statement of Net Position  
 Proprietary Fund  
 June 30, 2017

	Sunnycrest Operations
Assets	
Cash and Pooled Investments	\$ 1,191,862
Due From Other Governments	813,036
Inventories	9,194
Total assets	2,014,092
Deferred Outflows of Resources	
Pension Related Deferred Outflows of Resources	1,281,982
Liabilities	
Accounts payable	168,038
Salaries and benefits payable	257,786
Long-Term Liabilities	
Portions due or payable within one year	
Compensated absences	321,606
Portions due or payable after one year	
Compensated absences	246,902
Net pension liability	4,728,754
Net OPEB liability	415,207
Total liabilities	6,138,293
Deferred Inflows of Resources	
Pension Related Deferred Inflows of Resources	424,461
Net Position	
Unrestricted (Deficit)	\$ (3,266,680)

**Dubuque County**  
 Exhibit H – Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Fund  
 Year Ended June 30, 2017

	Sunnycrest Operations
Operating Revenues	
Intergovernmental	\$ 8,100,924
Charges for service	1,264,698
Miscellaneous	149,184
Total revenues	9,514,806
Operating Expenses	
Salaries and wages	5,485,647
Employee benefits	2,293,223
Services	1,551,378
Supplies	840,431
Utilities	232,732
Insurance	207,626
Repairs and maintenance	44,116
Total operating expenses	10,655,153
Operating Loss	(1,140,347)
Transfers In	2,424,981
Change in Net Position	1,284,634
Net Position (Deficit) Beginning of Year	(4,551,314)
Net Position (Deficit) End of Year	\$ (3,266,680)

**Dubuque County**  
 Exhibit I – Statement of Cash Flows  
 Proprietary Fund  
 Year Ended June 30, 2017

	Sunnycrest Operations
Cash Flows From Operating Activities	
Cash received from services provided	\$ 10,669,770
Cash received from other revenues	149,184
Cash paid for personnel services	(8,205,723)
Cash paid to suppliers	(2,872,931)
Net cash (used in) operating activities	(259,700)
Cash Flows From Noncapital Financing Activities	
Transfer from the General Fund	2,424,981
Payment of interfund balances	(973,419)
Net cash provided by noncapital financing activities	1,451,562
Net Increase in Cash and Cash Equivalents	1,191,862
Cash and Cash Equivalents Beginning of Year	-
Cash and Cash Equivalents End of Year	\$ 1,191,862
Reconciliation of Operating Loss to Net Cash Used For Operating Activities	
Operating loss	\$ (1,140,347)
Adjustments to reconcile operating loss to net cash used in operating activities	
Changes in assets and liabilities	
Receivables	1,304,148
Inventory	2,374
Accounts payable	978
Accrued liabilities	(269,922)
Net pension liability	696,922
Deferred outflow of resources	(623,310)
Deferred inflow of resources	(260,711)
Other post employment benefit obligation	30,168
Net cash (used in) operating activities	\$ (259,700)

**Dubuque County**  
 Exhibit J - Statement of Fiduciary Assets and Liabilities  
 Agency Funds  
 June 30, 2017

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Assets

Cash and Pooled Investments	
County Treasurer	\$ 6,505,090
Other County officials	347,770
Receivables	
Property tax	
Delinquent	373,678
Succeeding year	103,397,356
Special assessments	48,871
Accounts	8,110
	8,110
Total assets	110,680,875

Liabilities

Accounts Payable	11,769
Salaries and Benefits Payable	44,046
Due to Other Governments	110,538,187
Trusts Payable	86,873
	86,873
Total liabilities	110,680,875

Net Position	\$ -
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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, 2017.

### **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, which normally are supported by property tax, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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, proprietary 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.

**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.

The County reports the following major proprietary fund:

**Sunnycrest Operations** – The Sunnycrest Operations Fund is utilized to account for revenues and expenses related to the operations of Sunnycrest.

Additionally, the County reports the following fund type:

**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, proprietary 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues from the County's proprietary funds are charges for services. Operating expenses for the proprietary funds include cost of personnel services, contractual services, and operating supplies. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 valued at amortized cost.

For purposes of the Statement of Cash Flows, all short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents also include highly liquid investments with an original maturity date no longer than three months.

**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, 2015, assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

**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, 2017, 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 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 applicable governmental or business-type 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 acquisition value. 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 County’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, proprietary fund, 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, 2017. 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 and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

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. The net pension liability attributable to the governmental activities will be paid primarily by the General, Rural Services, and Secondary Roads, and Mental Health Funds.

**Deferred Inflows of Resources** – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. 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 IPERS' 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 the preceding 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

<u>Fund Balance Classification</u>	<u>Purpose</u>	<u>Fund</u>	<u>Amount</u>
Nonspendable	Prepaid		
	Expenses	General	\$ 344,007
	Notes		
	Receivable	General	434,202
	Inventories	Secondary Roads	<u>570,481</u>
			<u>\$ 1,348,690</u>
Restricted	Supplemental		
	Levy Purposes	General	\$ 4,342,131
	Rural Services	Rural Services	305,682
	Secondary Roads	Secondary Roads	4,848,016
		Time-21	1,680,166
	Mental Health	Mental Health	5,678,900
	Capital Projects	Local Option Tax	3,996,077
		Capital Projects	78,686
	Conservation	REAP Fund	116,249
		Conservation Land Acquisition	101,053
	Records		
	Management	County Recorder's Records	
		Management	95,561
	Economic		
	Development	Rural Economic Development	1,149,208
Gold Dome			
Projects	Gold Dome	55,592	
Public Safety	Sheriff Forfeiture	319,138	
	Drug Task Force	964,260	
Debt Obligations	Debt Service	<u>10,533,578</u>	
			<u>\$ 34,264,297</u>
Committed	Capital Projects	Capital Projects	<u>\$ 2,200,000</u>

**Budgets and Budgetary Accounting**

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

**Note 2 - Cash and Pooled Investments**

The County's deposits in banks at June 30, 2017, 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.

At June 30, 2017, the County had the following investments:

Investment Type	Investment Maturities (In Years)			Amount
	Less Than 1	1 to 5	6 to 10	
U.S. Treasury Securities	\$ -	\$ 2,284,873	\$ -	\$ 2,284,873
Federal Agency Obligations	-	3,160,212	97,710	3,257,922
Total Investments	<u>\$ -</u>	<u>\$ 5,445,085</u>	<u>\$ 97,710</u>	<u>\$ 5,542,795</u>

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The U. S. Treasury securities and federal agency obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market assumptions (Level 2 inputs).

**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, 2017 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 10% 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, 2017 is as follows:

Transfer to	Transfer from	Amount
Secondary Roads	Rural Services	\$ 3,844,181
Sunnycrest Operations	General Fund	2,424,981
		\$ 6,269,162

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfer to Sunnycrest Operations Fund represents an operating subsidy from the General Fund.

**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, 2017, was \$434,202.

The County has guaranteed receivables through the Rural Economic Development Intermediary Relending Program with four loans to businesses located in Dubuque County, totaling \$402,952 at June 30, 2017. The loans are accounted for in the Rural Economic Development Fund and mature in varying amounts through June 30, 2032.

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, 2017 was \$20,177.

**Note 5 - Capital Assets**

Capital assets activity for the year ended June 30, 2017 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	5,666,988	15,693,322	14,955,569	6,404,741
Total capital assets, not being depreciated	<u>9,998,610</u>	<u>15,693,322</u>	<u>14,955,569</u>	<u>10,736,363</u>
Capital assets being depreciated				
Buildings	18,996,890	1,558,859	372,591	20,183,158
Improvements other than buildings	2,096,137	9,045	107,977	1,997,205
Machinery and equipment	19,436,825	1,710,061	2,208,383	18,938,503
Infrastructure	109,374,774	13,644,454	-	123,019,228
Total capital assets, being depreciated	<u>149,904,626</u>	<u>16,922,419</u>	<u>2,688,951</u>	<u>164,138,094</u>
Less accumulated depreciation for				
Buildings	8,877,146	428,230	358,009	8,947,367
Improvements other than buildings	942,782	104,258	107,977	939,063
Machinery and equipment	13,111,803	1,236,997	2,105,501	12,243,299
Infrastructure	55,672,455	3,508,551	-	59,181,006
Total accumulated depreciation	<u>78,604,186</u>	<u>5,278,036</u>	<u>2,571,487</u>	<u>81,310,735</u>
Total capital assets, being depreciated, net	<u>71,300,440</u>	<u>11,644,383</u>	<u>117,464</u>	<u>82,827,359</u>
Governmental Activities Capital Assets, Net	<u>\$ 81,299,050</u>	<u>\$ 27,337,705</u>	<u>\$ 15,073,033</u>	<u>\$ 93,563,722</u>

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

Governmental Activities	
Public safety and legal services	\$ 531,790
Physical health and social services	6,446
County environment and education	391,817
Roads and transportation	3,987,601
Governmental services to residents	33,052
Administration	<u>327,330</u>
Total depreciation expense - governmental activities	<u><u>\$ 5,278,036</u></u>

**Construction Commitments** – The County has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2017. The County has additional commitments for construction contracts of \$5,829,945 as of June 30, 2017. 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	\$ 70,906
Special Revenue		
Secondary Roads	Services	1,594
Capital Projects		
Local Option Tax	Services	<u>86,819</u>
Total for governmental funds		<u><u>\$ 159,319</u></u>

Fund	Description	Amount
Agency		
County Recorder	Collections	\$ 103,544
County Recorder's Electronic Transaction Fee		1,427
County Sheriff		164,610
E911 Fund		906,365
Drainage District Fund		725
Agricultural Extension Education Fund		452,052
County Assessor		954,604
City Assessor		964,850
Schools Fund		63,248,646
Area Schools Fund		4,990,728
Corporations Fund		32,714,903
Townships Fund		757,070
Auto License and Use Tax Fund		3,576,826
Brucellosis and Tuberculosis Eradication Fund		13,632
Joint Disaster Services Fund		68,572
County Hospital Fund		1,184,488
County Libraries		245,922
Canine		2,556
Commissary		186,667
Total for agency funds		<u>\$ 110,538,187</u>

### Note 7 - Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

Governmental Activities	Compensated	Net	Net Pension	Rural Economic	Capital	General	Total
	Absences	OPEB Liability	Liability	Development Loan	Projects Notes Payable	Obligation Landfill Bonds	
Balance Beginning of Year	\$ 1,825,790	\$ 842,685	\$ 6,056,155	\$ 363,332	\$ 30,918	\$ 4,315,000	\$ 13,433,880
Increases	1,266,987	68,388	2,683,561	-	1,200,000	5,100,000	10,318,936
Decreases	1,093,566	-	-	38,817	1,230,918	290,000	2,653,301
Balance End of Year	<u>\$ 1,999,211</u>	<u>\$ 911,073</u>	<u>\$ 8,739,716</u>	<u>\$ 324,515</u>	<u>\$ -</u>	<u>\$ 9,125,000</u>	<u>\$ 21,099,515</u>
Due Within One Year	<u>\$ 1,130,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,205</u>	<u>\$ -</u>	<u>\$ 395,000</u>	<u>\$ 1,565,161</u>
Business-Type Activities	Compensated	Net	Net Pension	Total			
	Absences	OPEB Liability	Liability				
Balance Beginning of Year	\$ 617,301	\$ 385,039	\$ 4,031,832	\$ 5,034,172			
Increases	262,180	30,168	696,922	989,270			
Decreases	310,973	-	-	310,973			
Balance End of Year	<u>\$ 568,508</u>	<u>\$ 415,207</u>	<u>\$ 4,728,754</u>	<u>\$ 5,712,469</u>			
Due Within One Year	<u>\$ 321,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,606</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 2017, the County borrowed \$1,200,000 in the form of capital projects note payable. The notes have a stated interest rate of 1.87% 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.

During fiscal year 2017, the County issued \$5,100,000 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 3.00% to 3.25%, with a maturity date of June 1, 2036.

A summary of the County's June 30, 2017, indebtedness is as follows:

Years Ending June 30,	Rural Economic Development Loan	
	Principal	Interest
2018	\$ 39,205	\$ 3,245
2019	39,598	2,852
2020	39,994	2,456
2021	40,393	2,057
2022	40,797	1,653
2023-2025	124,528	2,822
Total	<u>\$ 324,515</u>	<u>\$ 15,085</u>

  

Years Ending June 30,	General Obligation Landfill Bonds	
	Principal	Interest
2018	\$ 395,000	\$ 272,559
2019	400,000	262,659
2020	410,000	250,659
2021	425,000	238,359
2022	435,000	225,609
2023-2027	2,385,000	926,963
2028-2032	2,770,000	563,547
2033-2036	1,905,000	135,595
Total	<u>\$ 9,125,000</u>	<u>\$ 2,875,950</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% 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% 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** –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 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll for a total rate of 14.88%. Sheriff and deputy members and the County both contributed 9.63% of covered payroll for a total rate of 19.26%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County’s contributions to IPERS for the year ended June 30, 2017 were \$1,839,953.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2017, the County reported a liability of \$13,468,470 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016 the County’s collective proportion was .2140%, which was an increase of .0098% from its collective proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$1,457,079. At June 30, 2017, 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	\$ 102,668	\$ 362,624
Changes of Assumptions	177,233	118,987
Net Difference Between Projected and Actual Earnings on IPERS' Investments	2,755,822	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	22,131	900,906
County Contributions Subsequent to the Measurement Date	1,839,953	-
Total	\$ 4,897,807	\$ 1,382,517

\$1,839,953 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, 2018. 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
2018	\$ (67,579)
2019	(67,579)
2020	1,141,295
2021	691,818
2022	(22,618)
	\$ 1,675,337

There were no non-employer contributing entities at IPERS.

**Actuarial Assumptions** – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of Inflation (Effective June 30, 2014)	3.00% per annum
Rates of Salary Increase (Effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (Effective June 30, 1996)	7.50% compounded annually, net of investment expense including inflation
Wage Growth (Effective June 30, 1990)	4.00% per annum based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 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 IPERS' 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>
Core Plus Fixed Income	28%	1.90%
Domestic Equity	24	5.85
International Equity	16	6.32
Private Equity/Debt	11	10.31
Real Estate	8	3.87
Credit Opportunities	5	4.48
U.S. TIPS	5	1.36
Other Real Assets	2	6.42
Cash	1	(0.26)
	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50%. 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, IPERS’ 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 IPERS’ 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 7.50%, 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% lower (6.50%) or 1% (8.50%) 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)	\$ 24,909,035	\$ 13,468,470	\$ 3,828,955

**IPERS’ 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 IPERS** – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2017.

**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 350 active and 23 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, 2017, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual Required Contribution	\$ 207,820
Interest on Net OPEB Obligation	49,109
Adjustments to Annual Required Contribution	<u>(48,791)</u>
Annual OPEB cost (expense)	208,138
Contributions Made	<u>(109,582)</u>
Increase in net OPEB obligation	98,556
Net OPEB Obligation, Beginning of Year	<u>1,227,724</u>
Net OPEB Obligation, End of Year	<u><u>\$ 1,326,280</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, 2017.

For the year ended June 30, 2017 the County contributed \$109,582 to the medical plan. Plan members eligible for benefits contributed \$227,752 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:

Years Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 208,138	52.6%	\$ 1,326,280
June 30, 2016	194,495	20.1%	1,227,724
June 30, 2015	198,989	18.0%	1,072,368

**Funded Status and Funding Progress** – As of July 1, 2016, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017 the actuarial accrued liability was \$1,921,814, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,921,814. The covered payroll (annual payroll of active employees covered by the plan) was \$17,885,347 and the ratio of the UAAL to covered payroll was 10.7%. As of June 30, 2017, 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, 2016, 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 7%. The medical trend rate is reduced 0.5% each year until reaching the 7% ultimate trend rate.

Mortality rates are from the SOA RPH-2014 Total Dataset Mortality table fully generational using Scale MP-2016.

Projected claim costs of the medical plan are \$611 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, 2017, were \$353,543.

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, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, 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 Dubuque 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, 2017 as follows:

Revenues		
Property and other county tax		\$ 1,668,940
Intergovernmental revenues		
State tax credits	\$ 160,816	
Receipts from regional fiscal agent	253,409	
		414,225
Miscellaneous		1,883
Total revenues		2,085,048
Expenditures		
Services to persons with Mental illness		57,122
General administration		
Direct administration	190,682	
Distribution to regional fiscal agent	3,096,360	
		3,287,042
Total expenditures		3,344,164
Excess of Revenues Over Expenditures		(1,259,116)
Fund Balance Beginning of Year		6,938,016
Fund Balance End of Year		\$ 5,678,900

**Note 12 - Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

**County Tax Abatements**

The County provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the County enters into agreements with developers which require the County, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the County as part of these agreements.

For the year ended June 30, 2017, the County abated \$131,865 of property tax under the urban renewal and economic development projects.

**Tax Abatement of Other Entities**

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Dubuque	Urban renewal and economic development projects	\$ 672,688

**Note 13 - 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, 2017 there was two series of Industrial Revenue Bonds outstanding with a principal amount payable of \$3,678,160.

**Note 14 - Subsequent Events**

On October 6, 2016, the County issued \$4,110,000 of General Obligation Notes for the purpose of funding various County equipment and construction costs. The interest rate on the notes is 1.87 percent, with a maturity date of June 1, 2018. Proceeds are drawn as needed. \$1,200,000 in proceeds were drawn during fiscal year 2017. As of March 9, 2018, \$1,800,000 in proceeds have been drawn in fiscal year 2018.

On September 11, 2017, the County issued \$9,675,000 of General Obligation Bonds for the purpose of paying the cost, to that extent, of acquiring and installing emergency communications equipment and systems. The interest rate on the bonds ranges from 2.00%- 3.00%, with a maturity date of June 1, 2033.

On September 11, 2017, the County issued \$500,000 of Taxable General Obligation Bonds for the purpose of paying the cost, to that extent, of acquiring and installing emergency communications equipment and systems. The interest rate on the bonds is 2.50%, with a maturity date of June 1, 2020.

### **Note 15 - Prospective Accounting Pronouncements**

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

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. 81, Irrevocable Split-Interest Agreements, will be effective for fiscal year ending June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Statement No. 83, Certain Asset Retirement Obligations, will be effective for reporting periods beginning after June 30, 2019. The objective of this Statement is to improve accounting and financial reporting for certain asset retirement obligations by established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources.

Statement No. 84, Fiduciary Activities, is effective for fiscal year ending June 30, 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how such activities should be reported.

Statement No. 85, Omnibus 2017, is effective fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during the implementation and application of certain GASB statements.

Statement No. 86, Certain Debt Extinguishment Issues, is effective for fiscal year ending June 30, 2018. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt- are placed in an irrevocable trust for the sole purpose of extinguishing debt.

Statement No. 87, Leases, is effective for fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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, 2017

## Dubuque County

**Dubuque County**

**Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual  
(Cash Basis) – All Governmental and Proprietary Funds and Budget to GAAP Reconciliation  
Required Supplementary Information  
Year Ended June 30, 2017**

	Governmental Funds Actual	Budgeted Amounts		Final to Net Variance - Positive (Negative)
		Original	Final	
<b>Receipts</b>				
Property and other County tax	\$ 35,489,781	\$ 34,221,395	\$ 34,209,942	\$ 1,279,839
Interest and penalty on property tax	218,273	229,250	229,250	(10,977)
Intergovernmental	13,651,427	18,479,809	16,782,166	(3,130,739)
Licenses and permits	141,875	85,150	111,150	30,725
Charges for service	2,416,016	2,353,960	2,436,246	(20,230)
Use of money and property	543,235	469,264	446,879	96,356
Miscellaneous	695,768	439,938	508,590	187,178
Total receipts	<u>53,156,375</u>	<u>56,278,766</u>	<u>54,724,223</u>	<u>(1,567,848)</u>
<b>Disbursements</b>				
Public safety and legal services	14,689,188	15,119,454	15,602,400	913,212
Physical health and social services	4,347,442	3,489,673	5,024,863	677,421
Mental health	3,346,954	3,780,364	3,840,025	493,071
County environment and education	2,565,490	2,739,071	3,250,507	685,017
Roads and transportation	7,892,677	8,064,451	9,278,000	1,385,323
Governmental services to residents	1,515,190	1,563,688	1,623,029	107,839
Administration	8,241,648	5,429,058	12,594,763	4,353,115
Non-program	6,604,993	1,557,013	6,726,514	121,521
Debt service	1,738,701	2,888,334	2,384,345	645,644
Capital projects	12,119,689	17,871,050	14,560,550	2,440,861
Total disbursements	<u>63,061,972</u>	<u>62,502,156</u>	<u>74,884,996</u>	<u>11,823,024</u>
Excess (Deficiency) of Receipts Over (Under)				
Disbursements	(9,905,597)	(6,223,390)	(20,160,773)	10,255,176
Other Financing Sources, Net	<u>6,815,612</u>	<u>2,888,634</u>	<u>8,288,012</u>	<u>(1,472,400)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(3,089,985)	(3,334,756)	(11,872,761)	8,782,776
Balance Beginning of Year	<u>38,817,037</u>	<u>40,811,071</u>	<u>38,817,037</u>	-
Balance End of Year	<u>\$ 35,727,052</u>	<u>\$ 37,476,315</u>	<u>\$ 26,944,276</u>	<u>\$ 8,782,776</u>
Reconciliation Between Cash and Modified Accrual Basis		Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	
Revenues	\$ 53,156,375	\$ (1,077,936)	\$ 52,078,439	
Expenditures	63,061,972	(9,659,720)	53,402,252	
Net	(9,905,597)	8,581,784	(1,323,813)	
Other Financing Sources, Net	6,815,612	(2,822,529)	3,993,083	
Beginning Fund Balances	<u>38,817,037</u>	<u>4,046,275</u>	<u>42,863,312</u>	
Ending Fund Balances	<u>\$ 35,727,052</u>	<u>\$ 9,805,530</u>	<u>\$ 45,532,582</u>	

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 \$12,382,840. 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.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Collective Proportion of the Net Pension Liability	0.2140%	0.2041%	0.2022%
County's Collective Proportionate Share of the Net Pension Liability	\$ 13,468,470	\$ 10,087,987	\$ 8,020,809
County's Covered Payroll	\$ 19,112,016	\$ 19,006,685	\$ 19,336,737
County's Collective Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	70.47%	53.08%	41.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.82%	85.19%	87.61%

In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30<sup>th</sup> of the preceding year.

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 Five Fiscal Years**  
**Required Supplementary Information**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily Required Contribution	\$ 1,839,953	\$ 1,762,938	\$ 1,735,597	\$ 1,786,173	\$ 1,731,617
Contributions in Relation to the Statutorily Required Contribution	<u>1,839,953</u>	<u>1,762,938</u>	<u>1,735,597</u>	<u>1,786,173</u>	<u>1,731,617</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
County's Covered Payroll	\$ 20,155,663	\$ 19,112,016	\$ 19,006,685	\$ 19,336,737	\$ 19,218,530
Contributions as a Percentage of Covered Payroll	9.13%	9.22%	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% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 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.

### 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% to 3.00%.

- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% 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.

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)
7/1/2016	\$ -	\$ 1,921,814	\$ 1,921,814	0.0%	\$ 17,885,347	10.7%
7/1/2014	-	1,812,513	1,812,513	0.0%	17,499,367	10.4%
7/1/2012	-	1,660,555	1,660,555	0.0%	18,059,808	9.2%

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, 2017

## Dubuque County

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Special Revenue

	<u>REAP Fund</u>	<u>County Recorder's Records Management</u>	<u>Rural Economic Development</u>	<u>Gold Dome</u>	<u>Sheriff Forfeiture</u>
<b>Assets</b>					
Cash and Pooled Investments	\$ 116,249	\$ 95,561	\$ 745,898	\$ 55,592	\$ 319,138
Due From Other Governments	-	-	358	-	-
Notes Receivable	-	-	402,952	-	-
<b>Total assets</b>	<u>\$ 116,249</u>	<u>\$ 95,561</u>	<u>\$ 1,149,208</u>	<u>\$ 55,592</u>	<u>\$ 319,138</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Fund Balances</b>					
Restricted	\$ 116,249	\$ 95,561	\$ 1,149,208	\$ 55,592	\$ 319,138
Committed	-	-	-	-	-
<b>Total fund balances</b>	<u>116,249</u>	<u>95,561</u>	<u>1,149,208</u>	<u>55,592</u>	<u>319,138</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 116,249</u>	<u>\$ 95,561</u>	<u>\$ 1,149,208</u>	<u>\$ 55,592</u>	<u>\$ 319,138</u>

**Dubuque County**  
 Schedule 1 – Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2017

			Capital Projects		
TIF	Time 21	Drug Task Force	Capital Projects	Conservation Land Acquisition	Total
\$ -	\$ 1,680,166	\$ 964,260	\$ 2,278,686	\$ 101,053	\$ 6,356,603
-	-	-	-	-	358
-	-	-	-	-	402,952
<u>\$ -</u>	<u>\$ 1,680,166</u>	<u>\$ 964,260</u>	<u>\$ 2,278,686</u>	<u>\$ 101,053</u>	<u>\$ 6,759,913</u>
\$ -	\$ 1,680,166	\$ 964,260	\$ 78,686	\$ 101,053	\$ 4,559,913
-	-	-	2,200,000	-	2,200,000
-	1,680,166	964,260	2,278,686	101,053	6,759,913
<u>\$ -</u>	<u>\$ 1,680,166</u>	<u>\$ 964,260</u>	<u>\$ 2,278,686</u>	<u>\$ 101,053</u>	<u>\$ 6,759,913</u>

	Special Revenue					
	REAP Fund	County Recorder's Records Management	Rural Economic Development	Gold Dome	Sheriff Forfeiture	TIF
Revenues						
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,964
Intergovernmental	39,846	-	-	-	-	14,237
Charges for service	-	17,322	-	-	-	-
Use of money and property	159	130	11,927	84	1,156	-
Miscellaneous	-	-	356	-	-	-
Total revenues	<u>40,005</u>	<u>17,452</u>	<u>12,283</u>	<u>84</u>	<u>1,156</u>	<u>216,201</u>
Expenditures						
Operating						
Public safety and legal services	-	-	-	-	203,020	-
County environment and education	-	-	6,712	-	-	216,201
Debt Service	-	-	42,450	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>49,162</u>	<u>-</u>	<u>203,020</u>	<u>216,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>40,005</u>	<u>17,452</u>	<u>(36,879)</u>	<u>84</u>	<u>(201,864)</u>	<u>-</u>
Other Financing Sources						
Notes payable issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	40,005	17,452	(36,879)	84	(201,864)	-
Fund Balances Beginning of Year	<u>76,244</u>	<u>78,109</u>	<u>1,186,087</u>	<u>55,508</u>	<u>521,002</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 116,249</u>	<u>\$ 95,561</u>	<u>\$ 1,149,208</u>	<u>\$ 55,592</u>	<u>\$ 319,138</u>	<u>\$ -</u>

Dubuque County  
 Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2017

		Capital Projects			
Time 21	Drug Task Force	Capital Projects	Conservation Land Acquisition	Total	
\$ -	\$ -	\$ -	\$ -	\$ 201,964	
480,213	-	-	-	534,296	
-	-	-	-	17,322	
-	289	-	-	13,745	
-	65,571	-	-	65,927	
<u>480,213</u>	<u>65,860</u>	<u>-</u>	<u>-</u>	<u>833,254</u>	
-	76,152	-	-	279,172	
-	-	-	-	222,913	
-	-	-	-	42,450	
451,215	-	1,158,884	-	1,610,099	
<u>451,215</u>	<u>76,152</u>	<u>1,158,884</u>	<u>-</u>	<u>2,154,634</u>	
<u>28,998</u>	<u>(10,292)</u>	<u>(1,158,884)</u>	<u>-</u>	<u>(1,321,380)</u>	
<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>	
28,998	(10,292)	41,116	-	(121,380)	
<u>1,651,168</u>	<u>974,552</u>	<u>2,237,570</u>	<u>101,053</u>	<u>6,881,293</u>	
<u>\$ 1,680,166</u>	<u>\$ 964,260</u>	<u>\$ 2,278,686</u>	<u>\$ 101,053</u>	<u>\$ 6,759,913</u>	

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2017

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
<b>County Auditor</b>				
Assets				
Cash and pooled investments				
Other County officials	\$ 6,255	\$ 165	\$ -	\$ 6,420
Liabilities				
Trusts payable	\$ 6,255	\$ 165	\$ -	\$ 6,420
<b>County Recorder</b>				
Assets				
Cash and pooled investments				
Other County officials	\$ 91,322	\$ 1,386,567	\$ 1,381,602	\$ 96,287
Accounts receivable	4,502	2,755		7,257
Total assets	\$ 95,824	\$ 1,389,322	\$ 1,381,602	\$ 103,544
Liabilities				
Due to other funds	\$ -	\$ 634,914	\$ 634,914	\$ -
Due to other governments	95,824	754,408	746,688	103,544
Total liabilities	\$ 95,824	\$ 1,389,322	\$ 1,381,602	\$ 103,544
<b>County Recorder's Electronic Transaction Fee</b>				
Assets				
Cash and pooled investments				
County Treasurer	\$ 1,540	\$ 17,423	\$ 17,536	\$ 1,427
Liabilities				
Due to other governments	\$ 1,540	\$ 17,423	\$ 17,536	\$ 1,427

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2017

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
<b>County Sheriff</b>				
Assets				
Cash and pooled investments				
Other County officials	\$ 4,207,203	\$ 3,587,946	\$ 7,594,647	\$ 200,502
Liabilities				
Due to other governments	\$ 4,183,216	\$ 3,576,041	\$ 7,594,647	\$ 164,610
Trusts payable	23,987	11,905		35,892
Total liabilities	\$ 4,207,203	\$ 3,587,946	\$ 7,594,647	\$ 200,502
<b>E911 Fund</b>				
Assets				
Cash and pooled investments				
County Treasurer	\$ 942,809	\$ 1,213,466	\$ 1,247,488	\$ 908,787
Liabilities				
Accounts Payable	\$ -	\$ 2,422	\$ -	\$ 2,422
Due to other governments	942,809	1,211,044	1,247,488	906,365
	\$ 942,809	\$ 1,213,466	\$ 1,247,488	\$ 908,787
<b>Drainage District Fund</b>				
Assets				
Cash and pooled investments				
County Treasurer	\$ 724	\$ 1	\$ -	\$ 725
Liabilities				
Due to other governments	\$ 724	\$ 1	\$ -	\$ 725

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2017

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
<b>Agricultural Extension Education Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 2,438	\$ 450,473	\$ 450,384	\$ 2,527
Property tax receivable				
Delinquent	786	853	786	853
Succeeding year	425,755	448,672	425,755	448,672
Total assets	<u>\$ 428,979</u>	<u>\$ 899,998</u>	<u>\$ 876,925</u>	<u>\$ 452,052</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 428,979</u>	<u>\$ 899,998</u>	<u>\$ 876,925</u>	<u>\$ 452,052</u>
<b>County Assessor Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 295,269	\$ 673,699	\$ 615,863	\$ 353,105
Property tax receivable				
Delinquent	1,352	1,627	1,352	1,627
Succeeding year	648,782	614,481	648,782	614,481
Total assets	<u>\$ 945,403</u>	<u>\$ 1,289,807</u>	<u>\$ 1,265,997</u>	<u>\$ 969,213</u>
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ 388	\$ -	\$ 388
Salaries and Benefits Payable	-	14,221	-	14,221
Due to other governments	945,403	1,275,198	1,265,997	954,604
	<u>\$ 945,403</u>	<u>\$ 1,289,807</u>	<u>\$ 1,265,997</u>	<u>\$ 969,213</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2017

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
<b>City Assessor Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 422,491	\$ 634,909	\$ 660,073	\$ 397,327
Property tax receivable				
Delinquent	849	927	849	927
Succeeding year	590,574	581,136	590,574	581,136
Total assets	<u>\$ 1,013,914</u>	<u>\$ 1,216,972</u>	<u>\$ 1,251,496</u>	<u>\$ 979,390</u>
<b>Liabilities</b>				
Salaries and Benefits Payable	\$ -	\$ 14,540	\$ -	\$ 14,540
Due to other governments	1,013,914	1,202,432	1,251,496	964,850
	<u>\$ 1,013,914</u>	<u>\$ 1,216,972</u>	<u>\$ 1,251,496</u>	<u>\$ 979,390</u>
<b>Schools Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 336,299	\$ 65,435,046	\$ 65,404,679	\$ 366,666
Property tax receivable				
Delinquent	134,262	133,014	134,262	133,014
Succeeding year	61,800,710	62,748,966	61,800,710	62,748,966
Total assets	<u>\$ 62,271,271</u>	<u>\$ 128,317,026</u>	<u>\$ 127,339,651</u>	<u>\$ 63,248,646</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 62,271,271</u>	<u>\$ 128,317,026</u>	<u>\$ 127,339,651</u>	<u>\$ 63,248,646</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2017

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
<b>Area Schools Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 22,866	\$ 4,388,397	\$ 4,386,507	\$ 24,756
Property tax receivable				
Delinquent	10,941	9,564	10,941	9,564
Succeeding year	4,147,316	4,956,408	4,147,316	4,956,408
Total assets	<u>\$ 4,181,123</u>	<u>\$ 9,354,369</u>	<u>\$ 8,544,764</u>	<u>\$ 4,990,728</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 4,181,123</u>	<u>\$ 9,354,369</u>	<u>\$ 8,544,764</u>	<u>\$ 4,990,728</u>
<b>Corporations Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 261,205	\$ 50,627,855	\$ 50,554,568	\$ 334,492
Property tax receivable				
Delinquent	378,510	223,545	378,510	223,545
Succeeding year	32,036,239	32,107,995	32,036,239	32,107,995
Special assessments	46,386	48,871	46,386	48,871
Total assets	<u>\$ 32,722,340</u>	<u>\$ 83,008,266</u>	<u>\$ 83,015,703</u>	<u>\$ 32,714,903</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 32,722,340</u>	<u>\$ 83,008,266</u>	<u>\$ 83,015,703</u>	<u>\$ 32,714,903</u>
<b>Townships Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 4,429	\$ 744,782	\$ 744,751	\$ 4,460
Property tax receivable				
Delinquent	1,735	1,826	1,735	1,826
Succeeding year	719,199	750,784	719,199	750,784
Total assets	<u>\$ 725,363</u>	<u>\$ 1,497,392</u>	<u>\$ 1,465,685</u>	<u>\$ 757,070</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 725,363</u>	<u>\$ 1,497,392</u>	<u>\$ 1,465,685</u>	<u>\$ 757,070</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2017

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
<b>Auto License and Use Tax Fund</b>				
Assets				
Cash and pooled investments				
County Treasurer	\$ 3,439,293	\$ 30,566,460	\$ 30,428,927	\$ 3,576,826
Liabilities				
Due to other governments	\$ 3,439,293	\$ 30,566,460	\$ 30,428,927	\$ 3,576,826
<b>Brucellosis and Tuberculosis Eradication Fund</b>				
Assets				
Cash and pooled investments				
County Treasurer	\$ 80	\$ 14,828	\$ 14,825	\$ 83
Property tax receivable				
Delinquent	26	28	26	28
Succeeding year	14,014	13,521	14,014	13,521
Total assets	\$ 14,120	\$ 28,377	\$ 28,865	\$ 13,632
Liabilities				
Due to other governments	\$ 14,120	\$ 28,377	\$ 28,865	\$ 13,632
<b>Joint Disaster Services Fund</b>				
Assets				
Cash and pooled investments				
County Treasurer	\$ 70,951	\$ 183,144	\$ 181,526	\$ 72,569
Liabilities				
Accounts Payable	\$ -	\$ 2,658	\$ -	\$ 2,658
Salaries and Benefits Payable	-	1,339	-	1,339
Due to other governments	70,951	179,147	181,526	68,572
	\$ 70,951	\$ 183,144	\$ 181,526	\$ 72,569

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2017

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
<b>County Hospital Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 6,539	\$ 1,212,121	\$ 1,211,859	\$ 6,801
Other County officials	40,475	4,086	-	44,561
Property tax receivable				
Delinquent	2,109	2,294	2,109	2,294
Succeeding year	1,145,608	1,175,393	1,145,608	1,175,393
Total assets	<u>\$ 1,194,731</u>	<u>\$ 2,393,894</u>	<u>\$ 2,359,576</u>	<u>\$ 1,229,049</u>
<b>Liabilities</b>				
Due to other governments	\$ 1,154,256	\$ 2,389,808	\$ 2,359,576	\$ 1,184,488
Trusts payable	40,475	4,086	-	44,561
Total liabilities	<u>\$ 1,194,731</u>	<u>\$ 2,393,894</u>	<u>\$ 2,359,576</u>	<u>\$ 1,229,049</u>
<b>County Libraries</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 235,162	\$ 863,502	\$ 839,649	\$ 259,015
Accounts Receivable	-	853	-	853
	<u>\$ 235,162</u>	<u>\$ 864,355</u>	<u>\$ 839,649</u>	<u>\$ 259,868</u>
<b>Liabilities</b>				
Salaries and benefits payable	\$ -	\$ 13,946	\$ -	\$ 13,946
Due to other governments	235,162	850,409	839,649	245,922
	<u>\$ 235,162</u>	<u>\$ 864,355</u>	<u>\$ 839,649</u>	<u>\$ 259,868</u>
<b>Tax Sales</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ -	\$ 845,393	\$ 839,092	\$ 6,301
	<u>\$ -</u>	<u>\$ 845,393</u>	<u>\$ 839,092</u>	<u>\$ 6,301</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 845,393	\$ 839,092	\$ 6,301
	<u>\$ -</u>	<u>\$ 845,393</u>	<u>\$ 839,092</u>	<u>\$ 6,301</u>
<b>Canine</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 2,532	\$ 35	\$ 11	\$ 2,556
	<u>\$ 2,532</u>	<u>\$ 35</u>	<u>\$ 11</u>	<u>\$ 2,556</u>
<b>Liabilities</b>				
Due to other governments	\$ 2,532	\$ 35	\$ 11	\$ 2,556
	<u>\$ 2,532</u>	<u>\$ 35</u>	<u>\$ 11</u>	<u>\$ 2,556</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2017

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
Commissary				
Assets				
Cash and pooled investments				
County Treasurer	\$ 141,374	\$ 149,346	\$ 104,053	\$ 186,667
Liabilities				
Due to other governments	\$ 141,374	\$ 149,346	\$ 104,053	\$ 186,667
Total Combined Funds				
Assets				
Cash and pooled investments				
County Treasurer	\$ 6,186,001	\$ 158,020,880	\$ 157,701,791	\$ 6,505,090
Other County officials	4,345,255	4,978,764	8,976,249	347,770
Receivables				
Property tax				
Delinquent	530,570	373,678	530,570	373,678
Succeeding year	101,528,197	103,397,356	101,528,197	103,397,356
Special assessments	46,386	48,871	46,386	48,871
Accounts	4,502	3,608	-	8,110
Total assets	\$ 112,640,911	\$ 266,823,157	\$ 268,783,193	\$ 110,680,875
Liabilities				
Accounts payable	\$ -	\$ 850,861	\$ 839,092	\$ 11,769
Salaries and Benefits payable	-	44,046	-	44,046
Due to other funds	-	634,914	634,914	-
Due to other governments	112,570,194	265,277,180	267,309,187	110,538,187
Trusts payable	70,717	16,156	-	86,873
Total liabilities	\$ 112,640,911	\$ 266,823,157	\$ 268,783,193	\$ 110,680,875

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>				
Property and other County tax	\$ 35,169,160	\$ 33,901,929	\$ 33,618,015	\$ 32,608,325
Interest and penalty on property tax	223,218	211,608	200,781	221,863
Intergovernmental	13,089,056	17,769,685	22,165,495	19,631,019
Licenses and permits	158,763	145,890	117,945	113,407
Charges for service	2,397,698	2,415,214	3,594,730	3,709,160
Use of money and property	257,042	309,741	201,157	133,029
Miscellaneous	<u>783,502</u>	<u>694,356</u>	<u>618,640</u>	<u>518,874</u>
<b>Total revenues</b>	<b><u>\$ 52,078,439</u></b>	<b><u>\$ 55,448,423</u></b>	<b><u>\$ 60,516,763</u></b>	<b><u>\$ 56,935,677</u></b>
<b>Expenditures</b>				
<b>Operating</b>				
Public safety and legal services	\$ 14,614,405	\$ 14,422,347	\$ 14,060,278	\$ 13,584,345
Physical health and social services	1,943,714	1,799,294	12,035,761	12,568,583
Mental health	3,344,164	3,293,083	3,302,104	2,629,888
County environment and education	2,349,931	2,568,409	2,634,780	2,693,106
Roads and transportation	7,745,152	8,355,856	7,164,104	7,426,206
Governmental services to residents	1,489,051	1,351,855	1,340,195	1,372,871
Administration	6,996,165	11,607,385	6,973,229	6,434,258
Non-program	1,373,141	1,305,967	615,170	579,716
Debt service	1,902,214	985,400	703,925	607,076
Capital projects	<u>11,644,315</u>	<u>5,454,851</u>	<u>6,859,625</u>	<u>5,804,916</u>
<b>Total expenditures</b>	<b><u>\$ 53,402,252</u></b>	<b><u>\$ 51,144,447</u></b>	<b><u>\$ 55,689,171</u></b>	<b><u>\$ 53,700,965</u></b>

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

2013	2012	2011	2010	2009	2008
\$ 32,084,939	\$ 30,913,768	\$ 29,574,036	\$ 28,562,060	\$ 27,240,375	\$ 25,406,202
237,340	224,476	240,058	261,911	204,352	177,902
21,535,541	23,358,148	20,318,005	20,845,449	19,812,556	19,187,628
110,487	108,715	83,304	75,470	178,046	60,989
3,996,431	4,004,656	3,912,029	3,792,025	3,922,171	3,169,249
141,018	168,113	307,016	467,130	633,308	1,129,355
433,537	1,024,946	560,346	393,937	409,897	328,877
<u>\$ 58,539,293</u>	<u>\$ 59,802,822</u>	<u>\$ 54,994,794</u>	<u>\$ 54,397,982</u>	<u>\$ 52,400,705</u>	<u>\$ 49,460,202</u>
\$ 13,292,399	\$ 13,249,658	\$ 13,136,717	\$ 12,079,638	\$ 11,965,162	\$ 11,360,666
12,917,259	13,472,096	12,993,063	12,779,713	12,154,247	11,551,452
3,372,732	9,989,686	8,552,515	7,925,094	8,467,938	8,996,144
5,122,570	4,093,931	3,269,688	3,654,391	3,075,000	2,762,417
6,895,875	6,215,014	6,741,818	6,298,896	6,583,797	6,675,885
1,330,179	1,345,280	1,339,640	1,370,059	1,519,862	1,375,544
6,525,488	6,979,699	5,257,900	4,081,313	4,559,159	2,828,811
586,739	116,734	310,965	183,530	20,496	172,268
598,451	559,373	543,399	542,900	541,050	543,300
4,974,231	2,229,233	335,339	5,337,010	3,394,096	1,916,989
<u>\$ 55,615,923</u>	<u>\$ 58,250,704</u>	<u>\$ 52,481,044</u>	<u>\$ 54,252,544</u>	<u>\$ 52,280,807</u>	<u>\$ 48,183,476</u>



Information Provided to Comply with *Government Auditing Standards* and the Uniform Guidance  
June 30, 2017

## 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, business-type activities, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of and for the year ended June 30, 2017, 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 9, 2018.

**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 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 2017-A and 2017-B 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 2017-C and 2017-D 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, 2017, 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 Responses 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.

A handwritten signature in cursive script that reads "Eric Sully LLP". The signature is written in black ink and is positioned to the left of a vertical yellow line.

Dubuque, Iowa  
March 9, 2018



## **Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance**

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 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for the County's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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.

## Opinion on the Major Federal Program

In our opinion, 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 its major Federal program for the year ended June 30, 2017.

## 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a significant deficiency.

The County's response to the internal control over compliance 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Erik Sully LLP". The signature is written in a cursive style. To the right of the signature is a vertical yellow line.

Dubuque, Iowa  
March 9, 2018

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Agriculture Pass-Through Program From Iowa Department of Human Services Human Services Administrative Reimbursement SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ 34,872	\$ -
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-204	2,381,712	2,381,712
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DHR-004	303,254	303,254
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	14-CRL-001	6,436	6,436
			<u>2,691,402</u>	<u>2,691,402</u>
U.S. Department of Justice Pass-Through Program From Iowa Department of Justice Crime Victim Assistance	16.575	VA-17-34-16	34,358	-
Violence Against Women Formula Grants	16.588	VW-17-18-CJ	46,000	-
Violence Against Women Formula Grants	16.588	VW-17-14-CJ	4,013	-
			<u>50,013</u>	<u>-</u>
Governor's Office of Drug Control Policy Public Safety Partnership and Community Policing Grants	16.710	15-CAMP-05	4,925	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-JAG-155442	56,700	-
Direct Program Equitable Sharing Program	16.922		203,020	-
Equitable Sharing Program	16.922		52,855	-
			<u>255,875</u>	<u>-</u>
Total U.S. Department of Justice			<u>401,871</u>	<u>-</u>

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Transportation Pass-Through Program From Governor's Traffic Safety Bureau Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	17-402-M0AL, Task 08	\$ 14,158	\$ -
Iowa Homeland Security and Emergency Management Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HMEP-16-03	<u>1,720</u>	<u>-</u>
Total U.S. Department of Transportation			<u>15,878</u>	<u>-</u>
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	5887BT22	<u>129,615</u>	<u>-</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5887NB11WW	32,112	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5887NB11	<u>8,055</u>	<u>-</u>
			<u>40,167</u>	<u>-</u>
Iowa Department of Human Services Child Support Enforcement	93.563	BOC 13-003	<u>176,201</u>	<u>-</u>
Human Services Administrative Reimbursement:				
Refugee and Entrant Assistance - State Administered Programs	93.566	N/A	<u>105</u>	<u>-</u>
CCDF Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	<u>9,891</u>	<u>-</u>
Foster Care - Title IV-E	93.658	N/A	<u>12,925</u>	<u>-</u>
Adoption Assistance	93.659	N/A	<u>4,027</u>	<u>-</u>
Social Services Block Grant	93.667	N/A	<u>10,282</u>	<u>-</u>
Children's Health Insurance Program	93.767	N/A	<u>276</u>	<u>-</u>
Medicaid Cluster				
Medical Assistance Program	93.778	N/A	<u>60,782</u>	<u>-</u>

**Dubuque County**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients
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	5887AP07	\$ 44,949	\$ -
HIV Prevention Activities - Health				
Department Based	93.940	5886AP07	<u>14,279</u>	<u>-</u>
			<u>59,228</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>503,499</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 3,647,522</u>	<u>\$ 2,691,402</u>

**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 the Uniform Guidance. 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.

The County has not elected to use the 10% de minimis cost rate.

**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	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<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:	\$ 750,000
--	------------

Auditee qualified as low-risk auditee?	No
--	----

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

**MATERIAL WEAKNESSES**

**2017-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.

**Condition** – During the course of our engagement, we proposed material audit adjustments to capital assets and accounts payable 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** – 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.

**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.

**Views of Responsible Officials** – Management is working to implement better controls for tracking the acquisition of capital assets and CIP. Closer review of the capital asset and accounts payable procedures will be implemented.

**2017-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.

**Views of Responsible Officials** – Personnel changes due to staff resignations and upcoming retirements will allow the county to update requirements for new financial staff hires. It is hoped the county can employ personnel with stronger accounting and financial background.

**SIGNIFICANT DEFICIENCIES**

**2017-C County Recorder Segregation of Duties**

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

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

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

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

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

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

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

**2017-D 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.

**Views of Responsible Officials** – This is an area we will look to improve upon in the future.

**Part III: Findings and Questioned Costs for Federal Awards:**

**2017-001 US 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  
Federal Award Numbers 08-DRH-204 and 14-CRL-001 for fiscal year ended June 30, 2017**

**Cash Management  
Significant Deficiency**

**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** – On two occasions the County held grant funds in excess of five 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.

**Context/Sampling** – Sampling was not used. 14 of 14 cash receipts and disbursements were selected for testing.

**Repeat Finding from Prior Year** – No.

**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.

**Views of Responsible Officials** – Further importance on communication will be stressed, along with timely balancing of receipts and disbursements.

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

**2017-IA-A Certified Budget** –Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted by function. However, during the year ended June 30, 2017, disbursements exceeded the amounts appropriated in various departments.

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

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

**Views of Responsible Officials** – The County attempts to make sure that amendments are done in a timely manner. A greater effort will be made in the future.

**2017-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.

**2017-IA-C Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.

**2017-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, periodic elections employee, spouse owns White Front Feed and Seed	Supplies	\$ 9,700

According to Chapter 331.342 of the Code of Iowa, an officer or employee of a County shall not have an interest, direct or indirect, in a contract with that County. The provision does not apply to transactions that do not exceed a cumulative total purchase price of \$1,500 in a fiscal year or to contracts made by a County upon competitive bid. The transactions involving Mary Lammers were not entered into through competitive bidding.

**2017-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.

**2017-IA-F Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

**2017-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.

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

**2017-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).

**2017-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, 2017, for the County Extension Office did not exceed the amount budgeted.

**2017-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.

**2017-IA-K 509A Certificate of Compliance** – The 509A certificate of compliance was filed more than ninety days after the plan’s fiscal year ended June 30, 2017.

**Recommendation** – The 509A certificate of compliance should be filed within ninety days after year end in accordance with Chapter 509A.15 of the Code of Iowa.

**Views of Responsible Officials** – The County will make sure that the appropriate staff are aware of the filing deadline.