



Financial Statements  
June 30, 2018  
**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, 2018, 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 entity'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 entity'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, 2018, 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.

## **Change in Accounting Principle**

As discussed in Notes 1 and 14 to the financial statements, the County has adopted the provisions of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

## **Restatement Due to Correction of an Error**

As discussed in Note 14 to the financial statements, the County has corrected the beginning balance of compensated absences, and accordingly, has restated the related net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dubuque County, Iowa's financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2017 (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 18, 2019, 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.



Dubuque, Iowa  
March 18, 2019

## 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, 2018. 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 \$124,972,666 (net position).

The County's net position increased by \$9,852,552.

As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$57,046,926, an increase of \$11,514,344 in comparison with the prior year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,428,277 or 32.91% of total general fund expenditures.

Total long-term liabilities of the governmental activities increased by \$14,218,970 (60.31%) during the current fiscal year.

The County implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018. The beginning net position was restated by \$643,176 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.

### 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 changes in county's total OPEB Liability and related ratios and notes.

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 Manor 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 20 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 14 funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

- 2) Proprietary funds account for the services which the County provides. 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 25-51 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 changes in county's total OPEB Liability and related ratios and notes. Required supplementary information can be found on pages 52-57 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 \$124,972,666 at the close of the most recent fiscal year.

### Dubuque County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)
Current and Other Assets	\$ 94,966,487	\$ 81,312,295	\$ 2,554,955	\$ 2,014,092	\$ 97,521,442	\$ 83,326,387
Capital Assets	105,290,516	93,563,722	-	-	105,290,516	93,563,722
Total assets	200,257,003	174,876,017	2,554,955	2,014,092	202,811,958	176,890,109
Deferred Outflows of Resources	4,168,035	3,615,825	1,457,522	1,281,982	5,625,557	4,897,807
Long-Term Liabilities	37,793,644	21,099,515	6,152,253	5,712,469	43,945,897	26,811,984
Other Liabilities	4,137,202	2,493,563	421,125	425,824	4,558,327	2,919,387
Total liabilities	41,930,846	23,593,078	6,573,378	6,138,293	48,504,224	29,731,371
Deferred Inflows of Resources	34,562,057	33,581,011	398,568	424,461	34,960,625	34,005,472
Net Position						
Net investment in capital assets	102,523,770	93,563,722	-	-	102,523,770	93,563,722
Restricted	27,805,782	25,811,567	-	-	27,805,782	25,811,567
Unrestricted	(2,397,417)	1,942,464	(2,959,469)	(3,266,680)	(5,356,886)	(1,324,216)
Total net position	\$ 127,932,135	\$ 121,317,753	\$ (2,959,469)	\$ (3,266,680)	\$ 124,972,666	\$ 118,051,073

The largest portion of the County's net position (82.04%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased from \$(1,324,216) at June 30, 2017 to \$(5,356,886) at the end of this year, a decrease of 304.53%. A portion of the decrease from prior year is attributable to the restatement of compensated absences of \$2,287,783.

**Governmental activities.** Governmental activities increased the County's position by \$9,089,541.

**Business-Type activities.** Business-type activities decreased the County's position by \$763,011.

A condensed version of the Statement of Activities as of June 30, 2018, follows:

Dubuque County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)
<b>Program Revenues</b>						
Fines, fees, and charges for services	\$ 3,030,593	\$ 2,854,306	\$ 9,376,142	\$ 9,365,622	\$ 12,406,735	\$ 12,219,928
Operating grants and contributions	7,245,283	10,233,921	-	-	7,245,283	10,233,921
Capital grants and contributions	4,853,856	5,225,379	-	-	4,853,856	5,225,379
<b>General Revenues</b>						
Property and other County tax	31,875,990	30,797,904	-	-	31,875,990	30,797,904
Penalty and interest on property tax	201,526	236,361	-	-	201,526	236,361
State tax credits	2,817,763	2,824,080	-	-	2,817,763	2,824,080
Local option sales tax	3,676,191	3,791,363	-	-	3,676,191	3,791,363
Gambling taxes	614,004	586,203	-	-	614,004	586,203
Unrestricted investment earnings	450,417	221,425	-	-	450,417	221,425
Miscellaneous	1,265,410	743,405	152,842	149,184	1,418,252	892,589
<b>Total revenues</b>	<b>56,031,033</b>	<b>57,514,347</b>	<b>9,528,984</b>	<b>9,514,806</b>	<b>65,560,017</b>	<b>67,029,153</b>
<b>Program Expenses</b>						
Public safety and legal services	15,763,499	14,747,714	-	-	15,763,499	14,747,714
Physical health and social services	1,864,059	1,946,146	-	-	1,864,059	1,946,146
Mental health	2,895,840	3,349,601	-	-	2,895,840	3,349,601
County environment and education	4,382,664	2,424,205	-	-	4,382,664	2,424,205
Roads and transportation	13,052,652	11,776,020	-	-	13,052,652	11,776,020
Governmental services to residents	1,600,812	1,542,081	-	-	1,600,812	1,542,081
Administration	3,834,428	7,494,894	-	-	3,834,428	7,494,894
Non-program	1,188,666	1,373,141	-	-	1,188,666	1,373,141
Interest on long-term debt	608,872	195,244	-	-	608,872	195,244
Sunnycrest Operations	-	-	10,515,973	10,655,153	10,515,973	10,655,153
<b>Total expenses</b>	<b>45,191,492</b>	<b>44,849,046</b>	<b>10,515,973</b>	<b>10,655,153</b>	<b>55,707,465</b>	<b>55,504,199</b>
<b>Increase (Decrease) in Net Position Before Transfers</b>	<b>10,839,541</b>	<b>12,665,301</b>	<b>(986,989)</b>	<b>(1,140,347)</b>	<b>9,852,552</b>	<b>11,524,954</b>
<b>Transfers</b>	<b>(1,750,000)</b>	<b>(2,424,981)</b>	<b>1,750,000</b>	<b>2,424,981</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>9,089,541</b>	<b>10,240,320</b>	<b>763,011</b>	<b>1,284,634</b>	<b>9,852,552</b>	<b>11,524,954</b>
<b>Net Position Beginning of the Year, as restated</b>	<b>118,842,594</b>	<b>111,077,433</b>	<b>(3,722,480)</b>	<b>(4,551,314)</b>	<b>115,120,114</b>	<b>106,526,119</b>
<b>Net Position End of the Year</b>	<b>\$ 127,932,135</b>	<b>\$ 121,317,753</b>	<b>\$ (2,959,469)</b>	<b>\$ (3,266,680)</b>	<b>\$ 124,972,666</b>	<b>\$ 118,051,073</b>

- Taxes increased by \$1,078,086 or 3.50%, during the year. This increase represents a taxable valuation growth of 3.0%, a 11-cent increase in the general fund levy, a 1-cent decrease in the MH/DD levy, a 5.7-cent decrease in the debt service levy totaling a 4.4-cent increase in the county wide levy. There was a 4.4-cent decrease 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 \$57,046,926, an increase of \$11,514,344 in comparison with the prior year.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,428,277, while the total fund balance reached \$17,292,880. 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 32.91% of total general fund expenditures, while total fund balance represents 60.36% of that same amount.

The fund balance of the County's general fund increased \$4,452,945 during the current fiscal year. Key factors in this increase are as follows:

Revenues decreased \$947,022, due to decreases in revenue categories, particularly intergovernmental revenue with a decrease of \$2,340,177 as well as a decrease in licenses and permits revenue.

Expenses increased \$1,197,953 primarily due to a large increase in county environment and education services of \$2,568,656.

Other financing sources increased due to a \$1,129,000 increase to transfers in for the current year, along with bonds issued of \$3,320,000.

The rural services fund has a total fund balance of \$372,898, which is an increase of \$67,216 from the prior year. Key factors in this increase are as follows:

Revenues increased \$132,713 due to increases in the property and other county tax revenue category.

Expenses increased \$95,208 due to increased expenses in the county environment and education activity.

Other Financing Sources had an increase in funds transferred out of \$123,340.

The secondary roads fund has a total fund balance of \$3,801,783, which is a decrease of \$1,616,714 from the prior year. Key factors in this increase are as follows:

Revenue decreased \$376,674 due to a decrease in the intergovernmental revenue category.

Expenses increased by \$1,601,769 due to an increase in capital projects.

An increase in Other Financing Sources of \$13,828 attributed to an increase in transfers in of \$13,540.

The mental health fund has a total fund balance of \$4,788,567 which is a decrease of \$890,333 from the prior year. Key factors in this decrease are as follows:

Revenue decreased by \$90,027, due to a decrease in the intergovernmental revenue category.

Expense decreased by \$458,810 due to the decrease in the mental health activity.

The local option tax fund has a total fund balance of \$5,684,057, which is an increase of \$1,687,980 from the prior year. A key factor in the increase was:

Revenue increased by \$466,845 due to \$579,038 increase in intergovernmental revenues, while expenses decreased by \$6.36-million due to fewer capital road projects.

The debt service fund has a total fund balance of \$9,640,789, which is a decrease of \$892,789 from the prior year. Key factors in the decrease are:

\$10,175,000 in General Obligation debt was issued in September, 2017 to fund the emergency communications equipment and systems. The County, also, issued \$1,430,000 in General Obligation Bonds in June, 2018 to fund an urban renewal project which consists of exterior renovations and roofing repairs to the Dubuque County courthouse.

**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 \$(2,959,469), an increase of \$763,011 from the prior year. Key factors in the increase were:

An increase in revenues of \$14,178 and a decrease in expenses of \$139,180 led to a \$153,358 decrease in the fund's operating loss.

There was a \$674,981 decrease 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 September 11, 2017, net of transfers, increased revenues by \$14,742,183 and increased disbursements by \$15,631,786. This amendment was necessary to allow for employee wages negotiated with bargaining units, which were not included in the original budget. There was an adjustment for projects that were not yet completed due to weather and unforeseen circumstances. 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 26, 2018, net of transfers, increased revenues by \$876,159 and increased disbursements by \$1,890,042. This reflects mid-year re-estimate changes made by the Board of Supervisors during department work sessions for preparation of the FY19 budget.

The third amendment, on May 29, 2018, net of transfers, increased revenue by \$16,302 and increased disbursements by \$1,566,909. This amendment was necessary to allow for additional revenue to Drug Task Force and P-card rebate. This also reflects expense updates for unbudgeted salaries for additional pay period and wages due to retirements, changes in grant funding, additional financing costs, additional road work, and conservation projects budgeted in fiscal year 2019.

The net increase in revenues and other sources of \$28,375,991 resulted in an amended total revenue of \$85,597,769. The net increase in disbursements and other uses of \$31,830,084 resulted in an amended total of \$94,982,259.

Actual cash disbursements for the year totaled \$55,619,403, which is \$21,637,488 less than the final amended budget. The largest factor contributing to the difference was capital project disbursements which were \$13,856,632 less than the budgeted amount. This is largely due to timing of capital projects that were appropriated but not used in FY18. Also contributing was roads and transportation disbursements which due to timing of projects were \$2,816,326 less than budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY18, Dubuque County had \$105,290,516 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 \$11,726,794, or 12.53% over last year.

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

	June 30,	
	2018	2017
Land	\$ 5,456,122	\$ 4,331,622
Construction in Progress	7,692,797	6,404,741
Buildings	11,677,671	11,235,791
Improvements Other Than Buildings	1,071,675	1,058,142
Machinery and Equipment	7,682,018	6,695,204
Infrastructure	71,710,233	63,838,222
Total	\$ 105,290,516	\$ 93,563,722

The County had depreciation expense of \$5,462,311 for the year ended June 30, 2018, and total accumulated depreciation as of June 30, 2018 of \$85,449,723.

The County's final fiscal year 2018 capital budget included approximately \$23.7 million for capital projects, which included secondary road construction. The County has issued \$17.8 million in additional debt to finance the projects.

Additional information on the County's capital assets can be found in Note 5 on pages 35 and 36 of this report.

### Long-term Liabilities

At year-end, the County had total long-term liabilities of \$43,945,897 compared to \$29,742,946 last year, an increase of \$14,202,951 (47.75%), as detailed below:

	Governmental Activities		Business- Type Activities		Total	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017 (Restated)
Bonds Payable	\$ 11,605,000	\$ -	\$ -	\$ -	\$ 11,605,000	\$ -
Landfill Bonds Payable	8,730,000	9,125,000	-	-	8,730,000	9,125,000
Loan Payable	285,310	324,515	-	-	285,310	324,515
Real Estate Purchase Agreement	2,000,000	-	-	-	2,000,000	-
Compensated Absences	4,147,869	4,018,845	650,957	836,657	4,798,826	4,855,502
Net Pension Liability	9,734,465	8,739,716	4,931,785	4,728,754	14,666,250	13,468,470
Total OPEB Liability	1,291,000	1,366,598	569,511	602,861	1,860,511	1,969,459
<b>Total</b>	<b>\$ 37,793,644</b>	<b>\$ 23,574,674</b>	<b>\$ 6,152,253</b>	<b>\$ 6,168,272</b>	<b>\$ 43,945,897</b>	<b>\$ 29,742,946</b>

For more detailed information on the County's debt and amortization terms, please refer to Note 7 on page 37 through page 39 of this report.

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

The unemployment rate for the County is currently 2.2%, down .8% from the previous year and comparable with the State of Iowa rate of 2.7% and the 4.0% national rate. Currently, there are 59,700 non-farm jobs in Dubuque County, an increase of 100 from the previous year.

Taxes levied for fiscal year 2019 will increase by \$949,366, or 2.96% from the fiscal year 2018 budget. This increase represents a taxable valuation growth of 7.6%, a decrease of 36.3-cents in the county-wide tax levy rate and no change in the rural levy rate.

The 2019 County-wide levy rate is \$5.97760 per thousand dollars of taxable value. Net property tax revenue represents 44% of total revenues and other sources, a decrease of 8% from the prior year. Rural residents will pay \$9.63662 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, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and Pooled Investments	\$ 49,579,946	\$ 518,052	\$ 50,097,998
Receivables			
Property tax			
Delinquent	68,649	-	68,649
Succeeding year	33,592,522	-	33,592,522
Interest and penalty on property tax	81,586	-	81,586
Accounts	54,685	-	54,685
Due from Other Governments	9,938,656	1,996,814	11,935,470
Prepaid Expenses	411,141	-	411,141
Inventories	502,527	40,089	542,616
Notes Receivable	736,775	-	736,775
Capital Assets			
Capital assets, not being depreciated	13,148,919	-	13,148,919
Capital assets (net of accumulated depreciation)	92,141,597	-	92,141,597
Total assets	<u>200,257,003</u>	<u>2,554,955</u>	<u>202,811,958</u>
<b>Deferred Outflows of Resources</b>			
Pension Related Deferred Outflows	4,161,560	1,454,666	5,616,226
OPEB Related Deferred Outflows	6,475	2,856	9,331
Total deferred outflows of resources	<u>4,168,035</u>	<u>1,457,522</u>	<u>5,625,557</u>
<b>Liabilities</b>			
Accounts Payable	3,222,126	160,841	3,382,967
Salaries and Benefits Payable	691,507	260,284	951,791
Accrued Interest Payable	223,569	-	223,569
Long-Term Liabilities			
Portion due or payable within one year			
Bonds and notes payable	1,354,598	-	1,354,598
Compensated absences	1,857,013	291,325	2,148,338
Portion due or payable after one year			
Bonds and notes payable	21,265,712	-	21,265,712
Compensated absences	2,290,856	359,632	2,650,488
Net pension liability	9,734,465	4,931,785	14,666,250
Total OPEB liability	1,291,000	569,511	1,860,511
Total liabilities	<u>41,930,846</u>	<u>6,573,378</u>	<u>48,504,224</u>

Dubuque County  
Exhibit A – Statement of Net Position  
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Deferred Property Tax Revenue	\$ 33,592,522	\$ -	\$ 33,592,522
Pension Related Deferred Inflows	837,742	340,430	1,178,172
OPEB Related Deferred Inflows	131,793	58,138	189,931
	<u>34,562,057</u>	<u>398,568</u>	<u>34,960,625</u>
Total deferred inflows of resources			
Net Position			
Net Investment in Capital Assets	102,523,770	-	102,523,770
Restricted For			
Supplemental levy purposes	7,324,518	-	7,324,518
Mental health purposes	4,855,835	-	4,855,835
Secondary roads purposes	5,705,227	-	5,705,227
Economic development	829,131	-	829,131
Debt service	692,141	-	692,141
Capital projects	6,674,243	-	6,674,243
Other purposes	1,724,687	-	1,724,687
Unrestricted (Deficit)	<u>(2,397,417)</u>	<u>(2,959,469)</u>	<u>(5,356,886)</u>
	<u>\$ 127,932,135</u>	<u>\$ (2,959,469)</u>	<u>\$ 124,972,666</u>
Total net position (deficit)			

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	\$ 15,763,499	\$ 749,063	\$ 471,456	\$ -
Physical health and social services	1,864,059	41,849	657,447	-
Mental health	2,895,840	-	113,382	-
County environment and education	4,382,664	451,313	137,415	700,000
Roads and transportation	13,052,652	108,941	5,474,369	4,153,856
Governmental services to residents	1,600,812	1,595,280	-	-
Administration	3,834,428	84,147	113,655	-
Non-program	1,188,666	-	-	-
Interest on long-term debt	608,872	-	277,559	-
Total Governmental Activities	<u>45,191,492</u>	<u>3,030,593</u>	<u>7,245,283</u>	<u>4,853,856</u>
Business Type Activities				
Sunnycrest operations	<u>10,515,973</u>	<u>9,376,142</u>	<u>-</u>	<u>-</u>
Total Government	<u>\$ 55,707,465</u>	<u>\$ 12,406,735</u>	<u>\$ 7,245,283</u>	<u>\$ 4,853,856</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, as restated				
Net Position (Deficit) End of Year				

See Notes to Financial Statements

Dubuque County  
Exhibit B – Statement of Activities  
Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (14,542,980)	\$ -	\$ (14,542,980)
(1,164,763)	-	(1,164,763)
(2,782,458)	-	(2,782,458)
(3,093,936)	-	(3,093,936)
(3,315,486)	-	(3,315,486)
(5,532)	-	(5,532)
(3,636,626)	-	(3,636,626)
(1,188,666)	-	(1,188,666)
(331,313)	-	(331,313)
(30,061,760)	-	(30,061,760)
-	(1,139,831)	(1,139,831)
(30,061,760)	(1,139,831)	(31,201,591)
29,653,779	-	29,653,779
2,222,211	-	2,222,211
201,526	-	201,526
2,817,763	-	2,817,763
3,676,191	-	3,676,191
614,004	-	614,004
450,417	-	450,417
1,265,410	152,842	1,418,252
40,901,301	152,842	41,054,143
(1,750,000)	1,750,000	-
9,089,541	763,011	9,852,552
118,842,594	(3,722,480)	115,120,114
\$ 127,932,135	\$ (2,959,469)	\$ 124,972,666

	Special Revenue		
	General	Rural Services	Secondary Roads
<b>Assets</b>			
Cash and Pooled Investments	\$ 17,309,629	\$ 381,881	\$ 3,829,533
Receivables			
Property tax			
Delinquent	49,834	10,904	-
Succeeding year	23,581,495	5,135,917	-
Interest and penalty on property tax	81,586	-	-
Accounts	33,019	2,386	19,280
Due From Other Governments	249,505	-	582,718
Inventories	-	-	502,527
Prepaid Expenses	411,141	-	-
Notes Receivable	400,000	-	-
	<u>42,116,209</u>	<u>5,531,088</u>	<u>4,934,058</u>
	<u>\$ 42,116,209</u>	<u>\$ 5,531,088</u>	<u>\$ 4,934,058</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 539,419	\$ 3,997	\$ 825,729
Salaries and benefits payable	568,404	7,376	109,052
Total liabilities	<u>1,107,823</u>	<u>11,373</u>	<u>934,781</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues			
Succeeding year property tax	23,581,495	5,135,917	-
Other	134,011	10,900	197,494
Total deferred inflows of resources	<u>23,715,506</u>	<u>5,146,817</u>	<u>197,494</u>
<b>Fund Balances</b>			
Nonspendable	811,141	-	502,527
Restricted	7,053,462	372,898	3,299,256
Committed	-	-	-
Unassigned	9,428,277	-	-
Total fund balances	<u>17,292,880</u>	<u>372,898</u>	<u>3,801,783</u>
	<u>\$ 42,116,209</u>	<u>\$ 5,531,088</u>	<u>\$ 4,934,058</u>
	<u>\$ 42,116,209</u>	<u>\$ 5,531,088</u>	<u>\$ 4,934,058</u>

See Notes to Financial Statements

Dubuque County  
Exhibit C – Balance Sheet  
Governmental Funds  
June 30, 2018

Mental Health	Capital Projects Local Option Tax	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,795,287	\$ 6,266,303	\$ 910,221	\$ 16,087,092	\$ 49,579,946
3,610	-	4,301	-	68,649
1,127,610	-	3,747,500	-	33,592,522
-	-	-	-	81,586
-	-	-	-	54,685
63,845	312,588	8,730,000	-	9,938,656
-	-	-	-	502,527
-	-	-	-	411,141
-	9,377	-	327,398	736,775
\$ 5,990,352	\$ 6,588,268	\$ 13,392,022	\$ 16,414,490	\$ 94,966,487
\$ 232	\$ 904,211	\$ -	\$ 948,538	\$ 3,222,126
6,675	-	-	-	691,507
6,907	904,211	-	948,538	3,913,633
1,127,610	-	3,747,500	-	33,592,522
67,268	-	3,733	-	413,406
1,194,878	-	3,751,233	-	34,005,928
-	-	-	-	1,313,668
4,788,567	5,684,057	9,640,789	13,990,908	44,829,937
-	-	-	1,475,044	1,475,044
-	-	-	-	9,428,277
4,788,567	5,684,057	9,640,789	15,465,952	57,046,926
\$ 5,990,352	\$ 6,588,268	\$ 13,392,022	\$ 16,414,490	\$ 94,966,487

Dubuque County  
Exhibit D – Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Position  
June 30, 2018

Total Governmental Fund Balances \$ 57,046,926

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	\$	5,456,122	
Construction in progress		7,692,797	
Infrastructure, net of \$62,733,445 accumulated depreciation		71,710,233	
Buildings, net of \$9,244,308 accumulated depreciation		11,677,671	
Machinery and equipment, net of \$12,428,051 accumulated depreciation		7,682,018	
Improvements other than buildings, net of \$1,043,919 accumulated depreciation		<u>1,071,675</u>	
Total capital assets			105,290,516

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

Property taxes and intergovernmental			413,406
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Pension and OPEB 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			4,168,035
Deferred inflows of resources			<u>(969,535)</u>

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, 2018 are:

Accrued interest on debt		(223,569)	
Bonds and Notes payable		(22,620,310)	
Compensated absences		(4,147,869)	
Net pension liability		(9,734,465)	
Total OPEB liability		<u>(1,291,000)</u>	
Total long-term liabilities			<u>(38,017,213)</u>

Net Position of Governmental Activities			<u>\$ 127,932,135</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	\$ 23,755,146	\$ 4,615,226	\$ -
Interest and penalty on property tax	203,421	-	-
Intergovernmental	3,955,387	278,342	4,628,224
Licenses and permits	62,232	17,225	81,173
Charges for service	2,358,969	28,684	17,849
Use of money and property	433,104	-	10,656
Miscellaneous	636,743	1,686	179,090
Total revenues	<u>31,405,002</u>	<u>4,941,163</u>	<u>4,916,992</u>
<b>Expenditures</b>			
Operating			
Public safety and legal services	14,890,989	-	-
Physical health and social services	1,965,078	-	-
Mental health	-	-	-
County environment and education	4,426,469	335,886	-
Roads and transportation	-	-	8,510,116
Governmental services to residents	1,577,817	-	-
Administration	3,844,095	-	-
Non-program	615,929	570,540	-
Debt service	1,320,000	-	-
Capital projects	10,680	-	1,881,599
Total expenditures	<u>28,651,057</u>	<u>906,426</u>	<u>10,391,715</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	<u>2,753,945</u>	<u>4,034,737</u>	<u>(5,474,723)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,129,000	-	3,857,721
Transfers out	(2,750,000)	(3,967,521)	-
Bonds and notes payable issued	3,320,000	-	-
Premium on bonds payable	-	-	-
Sale of capital assets	-	-	288
Total Other Financing Sources (Uses)	<u>1,699,000</u>	<u>(3,967,521)</u>	<u>3,858,009</u>
Net Change in Fund Balances	4,452,945	67,216	(1,616,714)
Fund Balances Beginning of Year	<u>12,839,935</u>	<u>305,682</u>	<u>5,418,497</u>
Fund Balances End of Year	<u>\$ 17,292,880</u>	<u>\$ 372,898</u>	<u>\$ 3,801,783</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, 2018

Mental Health	Capital Projects Local Option Tax	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,672,290	\$ 3,676,191	\$ 2,221,479	\$ 209,232	\$ 36,149,564
-	-	-	-	203,421
269,083	629,038	484,856	764,834	11,009,764
-	-	-	-	160,630
-	-	-	15,281	2,420,783
-	9,653	-	14,171	467,584
53,648	1,760	-	49,138	922,065
1,995,021	4,316,642	2,706,335	1,052,656	51,333,811
-	-	-	33,615	14,924,604
-	-	-	-	1,965,078
2,885,354	-	-	-	2,885,354
-	-	-	227,352	4,989,707
-	-	-	-	8,510,116
-	-	-	38,100	1,615,917
-	-	-	-	3,844,095
-	-	-	170,113	1,356,582
-	-	3,688,525	42,450	5,050,975
-	2,628,662	-	6,573,634	11,094,575
2,885,354	2,628,662	3,688,525	7,085,264	56,237,003
(890,333)	1,687,980	(982,190)	(6,032,608)	(4,903,192)
-	-	-	13,723,647	18,710,368
-	-	(10,417,847)	(3,325,000)	(20,460,368)
-	-	10,175,000	4,340,000	17,835,000
-	-	332,248	-	332,248
-	-	-	-	288
-	-	89,401	14,738,647	16,417,536
(890,333)	1,687,980	(892,789)	8,706,039	11,514,344
5,678,900	3,996,077	10,533,578	6,759,913	45,532,582
\$ 4,788,567	\$ 5,684,057	\$ 9,640,789	\$ 15,465,952	\$ 57,046,926

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 11,514,344

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	\$ 12,638,167	
Contributed capital assets	4,615,942	
Depreciation expense	<u>(5,462,311)</u>	
		11,791,798

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.

(65,004)

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	(17,835,000)	
Repayments	<u>4,664,205</u>	
		(13,170,795)

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	13,993	
Grant proceeds	<u>(265,250)</u>	
		(251,257)

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.

1,316,294

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	(222,102)	
Change in compensated absences	(129,024)	
Pension expense	(1,644,994)	
OPEB expense	<u>(49,719)</u>	
		<u>(2,045,839)</u>

Change in Net Position of Governmental Activities

\$ 9,089,541

Dubuque County  
Exhibit G – Statement of Net Position  
Proprietary Fund  
June 30, 2018

	Sunnycrest Operations
<b>Assets</b>	
Cash and Pooled Investments	\$ 518,052
Due From Other Governments	1,996,814
Inventories	40,089
Total assets	2,554,955
<b>Deferred Outflows of Resources</b>	
Pension Related Deferred Outflows	1,454,666
OPEB Related Deferred Outflows	2,856
Total deferred outflows of resources	1,457,522
<b>Liabilities</b>	
Accounts payable	160,841
Salaries and benefits payable	260,284
Long-Term Liabilities	
Portions due or payable within one year	
Compensated absences	291,325
Portions due or payable after one year	
Compensated absences	359,632
Net pension liability	4,931,785
Total OPEB liability	569,511
Total liabilities	6,573,378
<b>Deferred Inflows of Resources</b>	
Pension Related Deferred Inflows	340,430
OPEB Related Deferred Inflows	58,138
Total deferred inflows of resources	398,568
<b>Net Position</b>	
Unrestricted (Deficit)	\$ (2,959,469)

**Dubuque County**  
 Exhibit H – Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Fund  
 Year Ended June 30, 2018

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	Sunnycrest Operations
Operating Revenues	
Intergovernmental	\$ 8,109,852
Charges for service	1,266,290
Miscellaneous	152,842
Total revenues	9,528,984
Operating Expenses	
Salaries and wages	5,355,708
Employee benefits	2,306,544
Services	1,839,653
Supplies	577,819
Utilities	217,077
Insurance	150,456
Repairs and maintenance	68,716
Total operating expenses	10,515,973
Operating Loss	(986,989)
Transfers In	1,750,000
Change in Net Position	763,011
Net Position (Deficit) Beginning of Year, as restated	(3,722,480)
Net Position (Deficit) End of Year	\$ (2,959,469)

Dubuque County  
 Exhibit I – Statement of Cash Flows  
 Proprietary Fund  
 Year Ended June 30, 2018

	Sunnycrest Operations
Cash Flows From Operating Activities	
Cash received from services provided	\$ 8,192,364
Cash received from other revenues	152,842
Cash paid for personnel services	(7,877,203)
Cash paid to suppliers	(2,891,813)
Net cash (used in) operating activities	(2,423,810)
Cash Flows From Noncapital Financing Activities	
Transfer from the General Fund	1,750,000
Net Decrease in Cash and Cash Equivalents	(673,810)
Cash and Cash Equivalents Beginning of Year	1,191,862
Cash and Cash Equivalents End of Year	\$ 518,052
Reconciliation of Operating Loss to Net Cash Used For Operating Activities	
Operating loss	\$ (986,989)
Adjustments to reconcile operating loss to net cash used in operating activities	
Changes in assets and liabilities	
Receivables	(1,183,778)
Inventory	(30,895)
Accounts payable	(7,197)
Accrued liabilities	(183,202)
Net pension liability	203,031
Deferred outflow of resources	(175,540)
Deferred inflow of resources	(25,893)
Other post employment benefit obligation	(33,347)
Net cash (used in) operating activities	\$ (2,423,810)

Dubuque County  
Exhibit J - Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2018

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Assets

Cash and Pooled Investments	
County Treasurer	\$ 7,275,280
Other County officials	624,777
Receivables	
Property tax	
Delinquent	262,392
Succeeding year	108,450,060
Special assessments	66,291
Accounts	<u>5,726</u>
Total assets	<u>116,684,526</u>

Liabilities

Accounts Payable	7,954
Salaries and Benefits Payable	54,566
Due to Other Governments	116,495,937
Trusts Payable	<u>126,069</u>
Total liabilities	<u>116,684,526</u>

Net Position	<u><u>\$ -</u></u>
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## **Note 1 - Summary of Significant Accounting Policies**

Dubuque County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

### **Reporting Entity**

For financial reporting purposes, Dubuque County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

Based on the above criteria, the County has determined that there are no potential component units which must be included in the County's financial statements as of and for the year ended June 30, 2018.

### **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 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. Sunnycrest’s building and other capital assets are owned and maintained by the Dubuque County Hospital at Sunnycrest Manor Board of Trustees. The Board of Trustees is a separate governmental entity and is not included within the County’s financial statements.

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, 2016, assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2017.

**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, 2018, 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.

Asset Class	Amount
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:

Asset Class	Estimated Useful Lives (In Years)
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 and OPEB expense and contributions from the County 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, 2018. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads 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 and Secondary Roads Funds.

**Total OPEB Liability** – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on Dubuque County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads 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, deferred inflows of resources related to OPEB, 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	\$ 411,141
	Notes		
	Receivable	General	400,000
	Inventories	Secondary Roads	<u>502,527</u>
			<u>\$ 1,313,668</u>

<u>Fund Balance Classification</u>	<u>Purpose</u>	<u>Fund</u>	<u>Amount</u>
Restricted	Supplemental		
	Levy Purposes	General	\$ 7,053,462
	Rural Services	Rural Services	372,898
		Rural Community Transportation Program	11,505
	Secondary Roads	Secondary Roads	3,299,256
		Time-21	1,705,950
	Mental Health	Mental Health	4,788,567
	Capital Projects	Local Option Tax	5,684,057
		Capital Projects	699,536
		Emergency Radio System	8,446,647
		Courthouse Roof	630,454
	Conservation	REAP Fund	71,240
		Conservation Land Acquisition	51,803
	Records		
	Management	County Recorder's Records Management	72,926
	Economic		
	Development	Rural Economic Development	1,115,629
Gold Dome			
Projects	Gold Dome	55,708	
Public Safety	Sheriff Forfeiture	333,578	
	Drug Task Force	795,932	
Debt Obligations	Debt Service	9,640,789	
		<u>\$ 44,829,937</u>	
Committed	Capital Projects	Seippel Road Complex	<u>\$ 1,475,044</u>

### Budgets and Budgetary Accounting

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

### Implementation of GASB 75

As of July 1, 2017, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 14 and the additional disclosures required by this standard are included in Note 9.

**Note 2 - Cash and Pooled Investments**

The County's deposits in banks at June 30, 2018, 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, 2018, 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	\$ 499,004	\$ 2,079,316	\$ -	\$ 2,578,320
Federal Agency Obligations	139,738	2,682,631	227,970	3,050,339
<b>Total Investments</b>	<b>\$ 638,742</b>	<b>\$ 4,761,948</b>	<b>\$ 227,970</b>	<b>\$ 5,628,660</b>

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, 2018 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, 2018 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,125,000
	Debt Service	4,000
		<u>1,129,000</u>
Secondary Roads	Rural Services	<u>3,857,721</u>
Nonmajor Governmental Funds	Debt Service	10,413,847
	Nonmajor Governmental Funds	2,200,000
	General Fund	1,000,000
	Rural Services	109,800
		<u>13,723,647</u>
Sunnycrest Operations	General Fund	<u>1,750,000</u>
		<u>\$ 20,460,368</u>

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, 2018, was \$400,000.

The County has guaranteed receivables through the Rural Economic Development Intermediary Relending Program with four loans to businesses located in Dubuque County, totaling \$327,398 at June 30, 2018. 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, 2018 was \$9,377.

**Note 5 - Capital Assets**

Capital assets activity for the year ended June 30, 2018 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	\$ 1,124,500	\$ -	\$ 5,456,122
Construction in progress	6,404,741	13,468,589	12,180,533	7,692,797
Total capital assets, not being depreciated	<u>10,736,363</u>	<u>14,593,089</u>	<u>12,180,533</u>	<u>13,148,919</u>
Capital assets being depreciated				
Buildings	20,183,158	929,969	191,147	20,921,980
Improvements other than buildings	1,997,205	118,389	-	2,115,594
Machinery and equipment	18,938,503	2,368,746	1,197,180	20,110,069
Infrastructure	123,019,228	11,424,449	-	134,443,677
Total capital assets, being depreciated	<u>164,138,094</u>	<u>14,841,553</u>	<u>1,388,327</u>	<u>177,591,320</u>
Less accumulated depreciation for				
Buildings	8,947,367	488,089	191,147	9,244,309
Improvements other than buildings	939,063	104,856	-	1,043,919
Machinery and equipment	12,243,299	1,316,928	1,132,176	12,428,051
Infrastructure	59,181,006	3,552,438	-	62,733,444
Total accumulated depreciation	<u>81,310,735</u>	<u>5,462,311</u>	<u>1,323,323</u>	<u>85,449,723</u>
Total capital assets, being depreciated, net	<u>82,827,359</u>	<u>9,379,242</u>	<u>65,004</u>	<u>92,141,597</u>
Governmental Activities Capital Assets, Net	<u>\$ 93,563,722</u>	<u>\$ 23,972,331</u>	<u>\$ 12,245,537</u>	<u>\$ 105,290,516</u>

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

Governmental Activities	
Public safety and legal services	\$ 565,563
Physical health and social services	4,014
County environment and education	391,852
Roads and transportation	4,113,112
Governmental services to residents	15,859
Administration	371,911
Total depreciation expense - governmental activities	<u>\$ 5,462,311</u>

**Construction Commitments** – The County has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2018. The County has additional commitments for construction contracts of \$7,167,272 as of June 30, 2018. 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 at June 30, 2018 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency		
County Recorder	Collections	\$ 90,659
County Recorder's Electronic Transaction Fee		1,398
County Sheriff		412,769
E911 Fund		1,155,992
Drainage District Fund		726
Agricultural Extension Education Fund		491,426
County Assessor		984,604
City Assessor		1,008,813
Schools Fund		66,535,946
Area Schools Fund		5,335,768
Corporations Fund		33,520,573
Townships Fund		830,344
Auto License and Use Tax Fund		4,256,673
Brucellosis and Tuberculosis Eradication Fund		13,737
Joint Disaster Services Fund		73,552
County Hospital Fund		1,278,453
County Libraries		232,182
Canine		2,556
Commissary		269,766
Total for agency funds		<u>\$ 116,495,937</u>

## Note 7 - Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

Governmental Activities:	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year	Amounts Due Within One Year
General Obligation Bonds/Notes:					
Bonds	\$ -	\$ 11,605,000	\$ -	\$ 11,605,000	\$ 615,000
Landfill Bonds	9,125,000	-	395,000	8,730,000	400,000
Notes	-	2,910,000	2,910,000	-	-
Rural Economic Development Loan	324,515	-	39,205	285,310	39,598
Real Estate Purchase Agreement	-	3,320,000	1,320,000	2,000,000	300,000
Total General Obligation Bonds/Notes	9,449,515	17,835,000	4,664,205	22,620,310	1,354,598
Compensated Absences	4,018,845	1,139,318	1,010,294	4,147,869	1,857,013
Total OPEB Liability	1,366,598	7,284	82,882	1,291,000	-
Net Pension Liability	8,739,716	994,749	-	9,734,465	-
Total non-current liabilities	<u>\$ 23,574,674</u>	<u>\$ 19,976,351</u>	<u>\$ 5,757,381</u>	<u>\$ 37,793,644</u>	<u>\$ 3,211,611</u>
Business Type Activities:	Balance Beginning of Year (as restated)	Increases	Decreases	Balance End of Year	Amounts Due Within One Year
Compensated Absences	\$ 836,657	\$ -	\$ 185,700	\$ 650,957	\$ 291,525
Total OPEB Liability	602,861	3,213	36,563	569,511	-
Net Pension Liability	4,728,754	203,031	-	4,931,785	-
Total Business-Type Activities	<u>\$ 6,168,272</u>	<u>\$ 206,244</u>	<u>\$ 222,263</u>	<u>\$ 6,152,253</u>	<u>\$ 291,525</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 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.

During fiscal year 2018, the County issued \$10,175,000 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 rates on the bonds range from 2.00% to 3.00%, with a maturity date of June 1, 2033.

During fiscal year 2018, the County borrowed \$2,910,000 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. The notes were repaid during fiscal year 2018.

During fiscal year 2018, the County borrowed \$1,430,000 of General Obligation Bonds for the purpose of paying the cost, to that extent, of undertaking an urban renewal project in the Greater Downtown Urban Renewal Area of which consists of exterior renovations and roofing repairs to the Dubuque County courthouse. The interest rates on the bonds range from 2.00% to 2.60%, with a maturity date of June 1, 2023.

During fiscal year 2018, the County assumed an obligation of \$3,320,000 to purchase land from the City of Dubuque to assist Flexsteel in building a new manufacturing facility. The obligation does not have an interest rate and matures July 1, 2024.

A summary of the County's June 30, 2018, indebtedness is as follows:

Years Ending June 30,	General Obligation Bonds		General Obligation Landfill Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 615,000	\$ 470,833	\$ 400,000	\$ 262,659
2020	870,000	280,336	410,000	250,659
2021	890,000	257,226	425,000	238,359
2022	920,000	232,236	435,000	225,609
2023	945,000	206,111	450,000	210,459
2024-2028	3,470,000	731,131	2,455,000	860,831
2029-2033	3,895,000	306,100	2,860,000	480,055
2034-2036	-	-	1,295,000	74,760
<b>Total</b>	<b>\$ 11,605,000</b>	<b>\$ 2,483,973</b>	<b>\$ 8,730,000</b>	<b>\$ 2,603,391</b>

  

Years Ending June 30,	Rural Economic Development Loan		City of Dubuque Land Purchase
	Principal	Interest	Principal
2019	\$ 39,598	\$ 2,852	300,000
2020	39,994	2,456	300,000
2021	40,393	2,057	300,000
2022	40,797	1,653	300,000
2023	41,205	1,245	300,000
2024-2028	83,323	1,577	500,000
<b>Total</b>	<b>\$ 285,310</b>	<b>\$ 11,840</b>	<b>\$ 2,000,000</b>

Years Ending June 30,	Total	
	Principal	Interest
2019	\$ 1,354,598	\$ 736,344
2020	1,619,994	533,451
2021	1,655,393	497,642
2022	1,695,797	459,498
2023	1,736,205	417,815
2024-2028	6,508,323	1,593,539
2029-2033	6,755,000	786,155
2034-2036	1,295,000	74,760
Total	<u>\$ 22,620,310</u>	<u>\$ 5,099,204</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, deputies 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, deputy's or protection occupation member's 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 years of service 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 2018, 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%. The sheriff, deputies and the County each contributed 9.38% of covered payroll for a total rate of 18.76%. 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, 2018 were \$1,794,370.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2018, the County reported a liability of \$14,666,250 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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. As of June 30, 2017, the County’s collective proportion was .2201%, which was an increase of .006% from its collective proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$2,069,386. At June 30, 2018, 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	\$ 251,725	\$ 257,026
Changes of Assumptions	3,361,366	66,721
Net Difference Between Projected and Actual Earnings on IPERS' Investments	-	217,225
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	208,765	637,200
County Contributions Subsequent to the Measurement Date	1,794,370	-
Total	\$ 5,616,226	\$ 1,178,172

\$1,794,370 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, 2019. 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
2019	\$ 97,678
2020	1,314,085
2021	855,592
2022	122,372
2023	253,957
	\$ 2,643,684

There were no non-employer contributing entities at IPERS.

**Actuarial Assumptions** – The total pension liability in the June 30, 2017 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, 2017)	2.60% per annum
Rates of Salary Increase (Effective June 30, 2017)	3.25 to 16.25% average, including inflation Rates vary by membership group.
Long-Term Investment Rate of Return (Effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage Growth (Effective June 30, 2017)	3.25% per annum based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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>
Domestic Equity	24%	6.25%
International Equity	16	6.71
Core Plus Fixed Income	27	2.25
Public Credit	3.5	3.46
Public real assets	7	3.27
Cash	1	(0.31)
Private Equity	11	11.15
Private real assets	7.5	4.18
Private credit	3	4.25
	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1% (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 27,580,545	\$ 14,666,250	\$ 3,834,994

**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, 2018.

**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. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75. The plan does not issue a stand-alone financial report.

**OPEB Benefits** -The medical/prescription drug coverage, which is a partially self-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.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefit payments	21
Active employees	346
Total	367

**Total OPEB Liability** – The County’s total OPEB liability of \$1,860,511 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2018)	2.60% per annum
Rates of salary increase (effective June 30, 2018)	3.25% per annum including inflation
Discount Rate (effective June 30, 2018)	3.87% compounded annually including inflation
Healthcare cost trend rate (effective June 30, 2018)	9.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%

**Discount Rate** – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Total OPEB Liability Beginning of Year, as Restated	\$ 1,969,459
Changes for the Year:	
Service Cost	143,379
Interest	73,520
Changes in Assumptions	10,664
Differences Between Expected and Actual Experiences	(217,066)
Benefit Payments	(119,445)
Net Changes	(108,948)
Total OPEB Liability End of Year	\$ 1,860,511

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2017 to 3.87% in fiscal year 2018.

**Sensitivity of the County’s Total OPEB Liability to Changes in the Discount Rate** – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability (Asset)	\$ 2,009,994	\$ 1,860,511	\$ 1,721,712

**Sensitivity of the County’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (8.00%) or 1% higher (10.00%) than the current healthcare cost trend rates.

	1% Decrease (8.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (9.0% decreasing to 5.00%)	1% Increase (10.00% decreasing to 6.00%)
Total OPEB Liability (Asset)	\$ 1,652,846	\$ 1,860,511	\$ 2,107,824

**OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB** – For the year ended June 30, 2018, the County recognized OPEB expense of \$191,099. At June 30, 2018, the County reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 9,331	\$ -
Differences Between Expected and Actual Experience	-	189,931
Total	\$ 9,331	\$ 189,931

The amount reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (25,800)
2020	(25,800)
2021	(25,800)
2022	(25,800)
2023	(25,800)
Thereafter	(51,600)
Total	\$ (180,600)

### **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, 2018, were \$388,486.

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, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, 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, 2018 as follows:

Revenues		
Property and other county tax		\$ 1,672,290
Intergovernmental revenues		
State tax credits	\$ 155,701	
Receipts from regional fiscal agent	113,382	
		269,083
Miscellaneous		53,648
Total revenues		1,995,021
Expenditures		
Services to persons with Mental illness		59,048
General administration		
Direct administration	171,880	
Distribution to regional fiscal agent	2,654,426	
		2,826,306
Total expenditures		2,885,354
Excess of Revenues Over Expenditures		(890,333)
Fund Balance Beginning of Year		5,678,900
Fund Balance End of Year		\$ 4,788,567

**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, 2018, the County abated \$127,177 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, 2018 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	\$ 712,441

**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, 2018 there was two series of Industrial Revenue Bonds outstanding with a principal amount payable of \$3,468,961.

**Note 14 - Accounting Change/Restatement and Correction of an Error**

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. In addition, during fiscal year 2018, the County discovered that it was incorrectly accounting for the sick leave portion of compensated absences. Beginning net position for governmental activities and business-type activities were restated to retroactively report the change in valuation of the beginning total OPEB liability and compensated absences, as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities/ Sunnycrest Operations</u>	<u>Total</u>
Net Position June 30, 2017, as Previously Reported	\$ 121,317,753	\$ (3,266,680)	\$ 118,051,073
Total OPEB Liability Measured Under Previous Standards	911,073	415,210	1,326,283
Total OPEB Liability at June 30, 2017	(1,366,598)	(602,861)	(1,969,459)
Compensated Absences as Previously Reported	1,999,211	568,508	2,567,719
Compensated Absences as Corrected	<u>(4,018,845)</u>	<u>(836,657)</u>	<u>(4,855,502)</u>
Net Position July 1, 2017, as Restated	<u>\$ 118,842,594</u>	<u>\$ (3,722,480)</u>	<u>\$ 115,120,114</u>

**Note 15 - Subsequent Events**

On July 12, 2018 the County issued a \$1,570,000 General Obligation County Purpose Note for the purpose of funding various County capital projects. The interest rate on the note is 2.55%, with a maturity date of June 1, 2020.

On August 17, 2018 the County issued \$11,830,000 of General Obligation Urban Renewal Bonds for the purpose of paying the cost, to the extent, of a new County building of which includes an administrative office and storage shop. The interest rate on the bonds range from 3.00% to 5.00%, with a maturity date of June 1, 2033.

## **Note 16 - Prospective Accounting Pronouncements**

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

Statement No. 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. 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.

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, is effective for fiscal year ending June 30, 2019. The objective of this Statement is to improve the information disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement also clarifies which liabilities governments should include when disclosing information related to debt.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, is effective for fiscal year ending June 30, 2021. The objectives are to enhance the relevant and comparability of information about capital assets and the associated cost of borrowing for a reporting period as well as to simplify accounting for interest cost incurred before the end of the construction period.

Statement No. 90, Majority Equity Interests, is effective for fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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, 2018

# 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, 2018**

	Governmental Funds Actual	Budgeted Amounts		Final to Net Variance - Positive (Negative)
		Original	Final	
<b>Receipts</b>				
Property and other County tax	\$ 36,152,400	\$ 34,913,968	\$ 35,838,750	\$ 313,650
Interest and penalty on property tax	207,434	229,250	202,250	5,184
Intergovernmental	10,971,299	10,658,381	10,782,047	189,252
Licenses and permits	153,387	111,150	106,650	46,737
Charges for service	2,404,000	2,367,181	2,344,966	59,034
Use of money and property	1,986,893	380,033	1,782,773	204,120
Miscellaneous	1,698,263	320,869	464,236	1,234,027
Total receipts	<u>53,573,676</u>	<u>48,980,832</u>	<u>51,521,672</u>	<u>2,052,004</u>
<b>Disbursements</b>				
Public safety and legal services	14,637,348	15,563,810	15,605,541	968,193
Physical health and social services	3,678,909	4,996,267	3,950,099	271,190
Mental health	2,888,311	3,770,697	3,791,059	902,748
County environment and education	4,366,359	3,315,030	5,113,505	747,146
Roads and transportation	8,551,505	9,986,000	11,367,831	2,816,326
Governmental services to residents	1,636,519	1,854,382	1,894,928	258,409
Administration	4,069,522	4,829,707	4,953,834	884,312
Non-program	1,385,861	1,585,540	2,280,540	894,679
Debt service	4,535,583	3,022,771	4,573,436	37,853
Capital projects	9,869,486	9,243,950	23,726,118	13,856,632
Total disbursements	<u>55,619,403</u>	<u>58,168,154</u>	<u>77,256,891</u>	<u>21,637,488</u>
Excess (Deficiency) of Receipts Over (Under)				
Disbursements	(2,045,727)	(9,187,322)	(25,735,219)	23,689,492
Other Financing Sources, Net	<u>15,692,404</u>	<u>3,256,925</u>	<u>16,350,729</u>	<u>(658,325)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	13,646,677	(5,930,397)	(9,384,490)	23,031,167
Balance Beginning of Year	<u>35,724,056</u>	<u>27,349,937</u>	<u>35,511,013</u>	<u>213,043</u>
Balance End of Year	<u>\$ 49,370,733</u>	<u>\$ 21,419,540</u>	<u>\$ 26,126,523</u>	<u>\$ 23,244,210</u>
Reconciliation Between Cash and Modified Accrual Basis		Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	
Revenues	\$ 53,573,676	\$ (2,239,865)	\$ 51,333,811	
Expenditures	55,619,403	617,600	56,237,003	
Net	(2,045,727)	(2,857,465)	(4,903,192)	
Other Financing Sources, Net	15,692,404	725,132	16,417,536	
Beginning Fund Balances	<u>35,724,056</u>	<u>9,808,526</u>	<u>45,532,582</u>	
Ending Fund Balances	<u>\$ 49,370,733</u>	<u>\$ 7,676,193</u>	<u>\$ 57,046,926</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 \$19,088,737. 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.

Disbursements during the year ended June 30, 2018 did not exceed the amounts budgeted by function. However, during the year ended June 30, 2018, disbursements exceeded the amounts appropriated in various departments.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's Collective Proportion of the Net Pension Liability	0.2202%	0.2140%	0.2041%	0.2022%
County's Collective Proportionate Share of the Net Pension Liability	\$ 14,666,250	\$ 13,468,470	\$ 10,087,987	\$ 8,020,809
County's Covered Payroll	\$ 20,155,663	\$ 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	72.76%	70.47%	53.08%	41.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.21%	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 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 Six Fiscal Years**  
**Required Supplementary Information**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily Required Contribution	\$ 1,794,370	\$ 1,839,953	\$ 1,762,938	\$ 1,735,597	\$ 1,786,173	\$ 1,731,617
Contributions in Relation to the Statutorily Required Contribution	<u>1,794,370</u>	<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	\$ 19,893,713	\$ 20,155,663	\$ 19,112,016	\$ 19,006,685	\$ 19,336,737	\$ 19,218,530
Contributions as a Percentage of Covered Payroll	9.02%	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.

### Changes of Assumptions

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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 (unfunded actuarial liability) 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 Changes in the County's Total OPEB Liability, Related Ratios and Notes  
Year ended June 30, 2018  
Required Supplementary Information

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	2018
Service Cost	\$ 143,379
Interest	73,520
Changes in Assumptions	10,664
Differences Between Expected and Actual Experiences	(217,066)
Benefit Payments	(119,445)
Net Change in Total OPEB Liability	(108,948)
Total OPEB Liability Beginning of year, as Restated	1,969,459
Total OPEB Liability End of Year	\$ 1,860,511
 Covered-Employee Payroll	 \$ 18,144,182
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	  10.3%

Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year Ended June 30, 2018	3.87%
Year Ended June 30, 2017	3.58%

GASB Statement No.75 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.



Other Supplementary Information  
June 30, 2018

## 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	\$ 71,240	\$ 72,926	\$ 788,231	\$ 55,708	\$ 333,578
Notes Receivable	-	-	327,398	-	-
Total assets	<u>\$ 71,240</u>	<u>\$ 72,926</u>	<u>\$ 1,115,629</u>	<u>\$ 55,708</u>	<u>\$ 333,578</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balances</b>					
Restricted	71,240	72,926	1,115,629	55,708	333,578
Committed	-	-	-	-	-
Total fund balances	<u>71,240</u>	<u>72,926</u>	<u>1,115,629</u>	<u>55,708</u>	<u>333,578</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,240</u>	<u>\$ 72,926</u>	<u>\$ 1,115,629</u>	<u>\$ 55,708</u>	<u>\$ 333,578</u>

**Dubuque County**  
 Schedule 1 – Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2018

<u>Special Revenue</u>				<u>Capital Projects</u>	
<u>TIF</u>	<u>Time 21</u>	<u>Drug Task Force</u>	<u>Rural Community Transportation</u>	<u>Capital Projects</u>	<u>Conservation Land Acquisition</u>
\$ -	\$ 1,705,950	\$ 795,932	20,966	\$ 721,321	\$ 51,803
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1,705,950</u>	<u>\$ 795,932</u>	<u>\$ 20,966</u>	<u>\$ 721,321</u>	<u>\$ 51,803</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,461</u>	<u>\$ 21,785</u>	<u>\$ -</u>
<u>-</u>	<u>1,705,950</u>	<u>795,932</u>	<u>11,505</u>	<u>699,536</u>	<u>51,803</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>1,705,950</u>	<u>795,932</u>	<u>11,505</u>	<u>699,536</u>	<u>51,803</u>
<u>\$ -</u>	<u>\$ 1,705,950</u>	<u>\$ 795,932</u>	<u>\$ 20,966</u>	<u>\$ 721,321</u>	<u>\$ 51,803</u>

Dubuque County  
 Schedule 1 – Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2018

	<u>Capital Projects</u>			<u>Total</u>
	<u>Emergency Radio System</u>	<u>Seippel Road Complex</u>	<u>Courthouse Roof</u>	
Cash and Pooled Investments	\$ 8,488,999	\$ 2,034,044	\$ 946,394	\$ 16,087,092
Notes Receivable	-	-	-	327,398
	<u>\$ 8,488,999</u>	<u>\$ 2,034,044</u>	<u>\$ 946,394</u>	<u>\$ 16,414,490</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 42,352	\$ 559,000	\$ 315,940	\$ 948,538
Fund Balances				
Restricted	8,446,647	-	630,454	13,990,908
Committed	-	1,475,044	-	1,475,044
Total fund balances	<u>8,446,647</u>	<u>1,475,044</u>	<u>630,454</u>	<u>15,465,952</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,488,999</u>	<u>\$ 2,034,044</u>	<u>\$ 946,394</u>	<u>\$ 16,414,490</u>

Special Revenue

	REAP Fund	County Recorder's Records Management	Rural Economic Development	Gold Dome	Sheriff Forfeiture
<b>Revenues</b>					
Property and other County tax	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	29,760	-	-	-	-
Charges for service	-	15,281	-	-	-
Use of money and property	231	184	12,188	116	1,176
Miscellaneous	-	-	-	-	14,921
<b>Total revenues</b>	<b>29,991</b>	<b>15,465</b>	<b>12,188</b>	<b>116</b>	<b>16,097</b>
<b>Expenditures</b>					
<b>Operating</b>					
Public safety and legal services	-	-	-	-	1,657
County environment and education	-	-	3,317	-	-
Governmental services to residents	-	38,100	-	-	-
Non-program	-	-	-	-	-
Debt Service	-	-	42,450	-	-
Capital projects	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>38,100</b>	<b>45,767</b>	<b>-</b>	<b>1,657</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>29,991</b>	<b>(22,635)</b>	<b>(33,579)</b>	<b>116</b>	<b>14,440</b>
<b>Other Financing Sources</b>					
Transfers in	-	-	-	-	-
Transfers out	(75,000)	-	-	-	-
Bonds payable issued	-	-	-	-	-
<b>Total Other Financing Sources</b>	<b>(75,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(45,009)</b>	<b>(22,635)</b>	<b>(33,579)</b>	<b>116</b>	<b>14,440</b>
<b>Fund Balances Beginning of Year</b>	<b>116,249</b>	<b>95,561</b>	<b>1,149,208</b>	<b>55,592</b>	<b>319,138</b>
<b>Fund Balances End of Year</b>	<b>\$ 71,240</b>	<b>\$ 72,926</b>	<b>\$ 1,115,629</b>	<b>\$ 55,708</b>	<b>\$ 333,578</b>

Dubuque County  
Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2018

Special Revenue				Capital Projects	
TIF	Time 21	Drug Task Force	Rural Community Transportation	Capital Projects	Conservation Land Acquisition
\$ 209,232	\$ -	\$ -	\$ -	\$ -	\$ -
14,803	720,271	-	-	-	-
-	-	-	-	-	-
-	-	276	-	-	-
-	-	33,467	-	-	750
<u>224,035</u>	<u>720,271</u>	<u>33,743</u>	<u>-</u>	<u>-</u>	<u>750</u>
-	-	31,958	-	-	-
224,035	-	-	-	-	-
-	-	-	-	-	-
-	-	170,113	-	-	-
-	-	-	-	-	-
-	694,487	-	98,295	2,289,150	-
<u>224,035</u>	<u>694,487</u>	<u>202,071</u>	<u>98,295</u>	<u>2,289,150</u>	<u>-</u>
-	25,784	(168,328)	(98,295)	(2,289,150)	750
-	-	-	109,800	-	-
-	-	-	-	(2,200,000)	(50,000)
-	-	-	-	2,910,000	-
-	-	-	109,800	710,000	(50,000)
-	25,784	(168,328)	11,505	(1,579,150)	(49,250)
-	1,680,166	964,260	-	2,278,686	101,053
<u>\$ -</u>	<u>\$ 1,705,950</u>	<u>\$ 795,932</u>	<u>\$ 11,505</u>	<u>\$ 699,536</u>	<u>\$ 51,803</u>

Dubuque County

Schedule 2 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2018

	Projects			Total
	Emergency Radio System	Seippel Road Complex	Courthouse Roof	
<b>Revenues</b>				
Property and other County tax	\$ -	\$ -	\$ -	\$ 209,232
Intergovernmental	-	-	-	764,834
Charges for service	-	-	-	15,281
Use of money and property	-	-	-	14,171
Miscellaneous	-	-	-	49,138
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,052,656</u>
<b>Expenditures</b>				
Operating				
Public safety and legal services	-	-	-	33,615
County environment and education	-	-	-	227,352
Governmental services to residents	-	-	-	38,100
Non-program	-	-	-	170,113
Debt Service	-	-	-	42,450
Capital projects	1,967,200	724,956	799,546	6,573,634
Total expenditures	<u>1,967,200</u>	<u>724,956</u>	<u>799,546</u>	<u>7,085,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,967,200)</u>	<u>(724,956)</u>	<u>(799,546)</u>	<u>(6,032,608)</u>
<b>Other Financing Sources</b>				
Transfers in	10,413,847	2,200,000	1,000,000	13,723,647
Transfers out	-	-	(1,000,000)	(3,325,000)
Bonds payable issued	-	-	1,430,000	4,340,000
Total Other Financing Sources	<u>10,413,847</u>	<u>2,200,000</u>	<u>1,430,000</u>	<u>14,738,647</u>
Net Change in Fund Balances	8,446,647	1,475,044	630,454	8,706,039
Fund Balances Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,759,913</u>
Fund Balances End of Year	<u>\$ 8,446,647</u>	<u>\$ 1,475,044</u>	<u>\$ 630,454</u>	<u>\$ 15,465,952</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2018

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
<b>County Auditor</b>				
Assets				
Cash and pooled investments				
Other County officials	\$ 6,420	\$ 75	\$ -	\$ 6,495
Liabilities				
Trusts payable	\$ 6,420	\$ 75	\$ -	\$ 6,495
<b>County Recorder</b>				
Assets				
Cash and pooled investments				
Other County officials	\$ 96,287	\$ 1,281,885	\$ 1,292,233	\$ 85,939
Accounts receivable	7,257	4,720	7,257	4,720
Total assets	\$ 103,544	\$ 1,286,605	\$ 1,299,490	\$ 90,659
Liabilities				
Due to other funds	\$ -	\$ 556,788	\$ 556,788	\$ -
Due to other governments	103,544	729,817	742,702	90,659
Total liabilities	\$ 103,544	\$ 1,286,605	\$ 1,299,490	\$ 90,659
<b>County Recorder's Electronic Transaction Fee</b>				
Assets				
Cash and pooled investments				
County Treasurer	\$ 1,427	\$ 15,505	\$ 15,534	\$ 1,398
Liabilities				
Due to other governments	\$ 1,427	\$ 15,505	\$ 15,534	\$ 1,398

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2018

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
<b>County Sheriff</b>				
<b>Assets</b>				
Cash and pooled investments				
Other County officials	\$ 200,502	\$ 3,573,643	\$ 3,292,455	\$ 481,690
<b>Liabilities</b>				
Due to other governments	\$ 164,610	\$ 3,540,614	\$ 3,292,455	\$ 412,769
Trusts payable	35,892	33,029	-	68,921
Total liabilities	\$ 200,502	\$ 3,573,643	\$ 3,292,455	\$ 481,690
<b>E911 Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 908,787	\$ 1,045,964	\$ 793,882	\$ 1,160,869
<b>Liabilities</b>				
Accounts Payable	\$ 2,422	\$ 4,877	\$ 2,422	\$ 4,877
Due to other governments	906,365	1,041,087	791,460	1,155,992
	\$ 908,787	\$ 1,045,964	\$ 793,882	\$ 1,160,869
<b>Drainage District Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 725	\$ 1	\$ -	\$ 726
<b>Liabilities</b>				
Due to other governments	\$ 725	\$ 1	\$ -	\$ 726

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2018

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
<b>Agricultural Extension Education Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 2,527	\$ 474,191	\$ 474,728	\$ 1,990
Property tax receivable				
Delinquent	853	937	853	937
Succeeding year	448,672	488,499	448,672	488,499
Total assets	<u>\$ 452,052</u>	<u>\$ 963,627</u>	<u>\$ 924,253</u>	<u>\$ 491,426</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 452,052</u>	<u>\$ 963,627</u>	<u>\$ 924,253</u>	<u>\$ 491,426</u>
<b>County Assessor Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 353,105	\$ 645,461	\$ 631,158	\$ 367,408
Property tax receivable				
Delinquent	1,627	1,466	1,627	1,466
Succeeding year	614,481	630,339	614,481	630,339
Total assets	<u>\$ 969,213</u>	<u>\$ 1,277,266</u>	<u>\$ 1,247,266</u>	<u>\$ 999,213</u>
<b>Liabilities</b>				
Accounts Payable	\$ 388	\$ 1,256	\$ 388	\$ 1,256
Salaries and Benefits Payable	14,221	13,353	14,221	13,353
Due to other governments	954,604	1,262,657	1,232,657	984,604
	<u>\$ 969,213</u>	<u>\$ 1,277,266</u>	<u>\$ 1,247,266</u>	<u>\$ 999,213</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2018

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
<b>City Assessor Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 397,327	\$ 625,124	\$ 668,007	\$ 354,444
Property tax receivable				
Delinquent	927	1,058	927	1,058
Succeeding year	581,136	671,163	581,136	671,163
Total assets	<u>\$ 979,390</u>	<u>\$ 1,297,345</u>	<u>\$ 1,250,070</u>	<u>\$ 1,026,665</u>
<b>Liabilities</b>				
Salaries and Benefits Payable	\$ 14,540	\$ 17,852	\$ 14,540	\$ 17,852
Due to other governments	964,850	1,279,493	1,235,530	1,008,813
	<u>\$ 979,390</u>	<u>\$ 1,297,345</u>	<u>\$ 1,250,070</u>	<u>\$ 1,026,665</u>
<b>Schools Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 366,666	\$ 66,373,513	\$ 66,461,389	\$ 278,790
Property tax receivable				
Delinquent	133,014	129,232	133,014	129,232
Succeeding year	62,748,966	66,127,924	62,748,966	66,127,924
Total assets	<u>\$ 63,248,646</u>	<u>\$ 132,630,669</u>	<u>\$ 129,343,369</u>	<u>\$ 66,535,946</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 63,248,646</u>	<u>\$ 132,630,669</u>	<u>\$ 129,343,369</u>	<u>\$ 66,535,946</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2018

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
<b>Area Schools Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 24,756	\$ 5,238,579	\$ 5,241,914	\$ 21,421
Property tax receivable				
Delinquent	9,564	10,023	9,564	10,023
Succeeding year	4,956,408	5,304,324	4,956,408	5,304,324
Total assets	<u>\$ 4,990,728</u>	<u>\$ 10,552,926</u>	<u>\$ 10,207,886</u>	<u>\$ 5,335,768</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 4,990,728</u>	<u>\$ 10,552,926</u>	<u>\$ 10,207,886</u>	<u>\$ 5,335,768</u>
<b>Corporations Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 334,492	\$ 50,884,323	\$ 50,996,637	\$ 222,178
Property tax receivable				
Delinquent	223,545	115,369	223,545	115,369
Succeeding year	32,107,995	33,116,735	32,107,995	33,116,735
Special assessments	48,871	66,291	48,871	66,291
Total assets	<u>\$ 32,714,903</u>	<u>\$ 84,182,718</u>	<u>\$ 83,377,048</u>	<u>\$ 33,520,573</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 32,714,903</u>	<u>\$ 84,182,718</u>	<u>\$ 83,377,048</u>	<u>\$ 33,520,573</u>
<b>Townships Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 4,460	\$ 778,240	\$ 780,824	\$ 1,876
Property tax receivable				
Delinquent	1,826	1,826	1,826	1,826
Succeeding year	750,784	826,642	750,784	826,642
Total assets	<u>\$ 757,070</u>	<u>\$ 1,606,708</u>	<u>\$ 1,533,434</u>	<u>\$ 830,344</u>
<b>Liabilities</b>				
Due to other governments	<u>\$ 757,070</u>	<u>\$ 1,606,708</u>	<u>\$ 1,533,434</u>	<u>\$ 830,344</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2018

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Auto License and Use Tax Fund				
Assets				
Cash and pooled investments				
County Treasurer	\$ 3,576,826	\$ 32,333,585	\$ 31,653,738	\$ 4,256,673
Liabilities				
Due to other governments	\$ 3,576,826	\$ 32,333,585	\$ 31,653,738	\$ 4,256,673
Brucellosis and Tuberculosis Eradication Fund				
Assets				
Cash and pooled investments				
County Treasurer	\$ 83	\$ 14,290	\$ 14,313	\$ 60
Property tax receivable				
Delinquent	28	28	28	28
Succeeding year	13,521	13,649	13,521	13,649
Total assets	\$ 13,632	\$ 27,967	\$ 27,862	\$ 13,737
Liabilities				
Due to other governments	\$ 13,632	\$ 27,967	\$ 27,862	\$ 13,737
Joint Disaster Services Fund				
Assets				
Cash and pooled investments				
County Treasurer	\$ 72,569	\$ 187,700	\$ 181,757	\$ 78,512
Liabilities				
Accounts Payable	\$ 2,658	\$ 1,821	\$ 2,658	\$ 1,821
Salaries and Benefits Payable	1,339	3,139	1,339	3,139
Due to other governments	68,572	182,740	177,760	73,552
	\$ 72,569	\$ 187,700	\$ 181,757	\$ 78,512

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2018

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
<b>County Hospital Fund</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 6,801	\$ 1,242,246	\$ 1,243,832	\$ 5,215
Other County officials	44,561	6,092	-	50,653
Property tax receivable				
Delinquent	2,294	2,453	2,294	2,453
Succeeding year	1,175,393	1,270,785	1,175,393	1,270,785
Total assets	<u>\$ 1,229,049</u>	<u>\$ 2,521,576</u>	<u>\$ 2,421,519</u>	<u>\$ 1,329,106</u>
<b>Liabilities</b>				
Due to other governments	\$ 1,184,488	\$ 2,515,484	\$ 2,421,519	\$ 1,278,453
Trusts payable	44,561	6,092	-	50,653
Total liabilities	<u>\$ 1,229,049</u>	<u>\$ 2,521,576</u>	<u>\$ 2,421,519</u>	<u>\$ 1,329,106</u>
<b>County Libraries</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 259,015	\$ 938,077	\$ 945,694	\$ 251,398
Accounts Receivable	853	1,006	853	1,006
	<u>\$ 259,868</u>	<u>\$ 939,083</u>	<u>\$ 946,547</u>	<u>\$ 252,404</u>
<b>Liabilities</b>				
Salaries and benefits payable	\$ 13,946	\$ 20,222	\$ 13,946	\$ 20,222
Due to other governments	245,922	918,861	932,601	232,182
	<u>\$ 259,868</u>	<u>\$ 939,083</u>	<u>\$ 946,547</u>	<u>\$ 252,404</u>
<b>Tax Sales</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 6,301	\$ 1,281,683	\$ 1,287,984	\$ -
	<u>\$ 6,301</u>	<u>\$ 1,281,683</u>	<u>\$ 1,287,984</u>	<u>\$ -</u>
<b>Liabilities</b>				
Accounts payable	\$ 6,301	\$ 1,281,683	\$ 1,287,984	\$ -
	<u>\$ 6,301</u>	<u>\$ 1,281,683</u>	<u>\$ 1,287,984</u>	<u>\$ -</u>
<b>Canine</b>				
<b>Assets</b>				
Cash and pooled investments				
County Treasurer	\$ 2,556	\$ -	\$ -	\$ 2,556
	<u>\$ 2,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,556</u>
<b>Liabilities</b>				
Due to other governments	\$ 2,556	\$ -	\$ -	\$ 2,556
	<u>\$ 2,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,556</u>

Dubuque County  
Schedule 3 – Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2018

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Commissary				
Assets				
Cash and pooled investments				
County Treasurer	\$ 186,667	\$ 153,170	\$ 70,071	\$ 269,766
Liabilities				
Due to other governments	\$ 186,667	\$ 153,170	\$ 70,071	\$ 269,766
Total Combined Funds				
Assets				
Cash and pooled investments				
County Treasurer	\$ 6,505,090	\$ 162,231,652	\$ 161,461,462	\$ 7,275,280
Other County officials	347,770	4,861,695	4,584,688	624,777
Receivables				
Property tax				
Delinquent	373,678	262,392	373,678	262,392
Succeeding year	103,397,356	108,450,060	103,397,356	108,450,060
Special assessments	48,871	66,291	48,871	66,291
Accounts	8,110	5,726	8,110	5,726
Total assets	\$ 110,680,875	\$ 275,877,816	\$ 269,874,165	\$ 116,684,526
Liabilities				
Accounts payable	\$ 11,769	\$ 1,289,637	\$ 1,293,452	\$ 7,954
Salaries and Benefits payable	44,046	54,566	44,046	54,566
Due to other funds	-	556,788	556,788	-
Due to other governments	110,538,187	273,937,629	267,979,879	116,495,937
Trusts payable	86,873	39,196	-	126,069
Total liabilities	\$ 110,680,875	\$ 275,877,816	\$ 269,874,165	\$ 116,684,526

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>				
Property and other County tax	\$ 36,149,564	\$ 35,169,160	\$ 33,901,929	\$ 33,618,015
Interest and penalty on property tax	203,421	223,218	211,608	200,781
Intergovernmental	11,009,764	13,089,056	17,769,685	22,165,495
Licenses and permits	160,630	158,763	145,890	117,945
Charges for service	2,420,783	2,397,698	2,415,214	3,594,730
Use of money and property	467,584	257,042	309,741	201,157
Miscellaneous	922,065	783,502	694,356	618,640
<b>Total revenues</b>	<b><u>\$ 51,333,811</u></b>	<b><u>\$ 52,078,439</u></b>	<b><u>\$ 55,448,423</u></b>	<b><u>\$ 60,516,763</u></b>
<b>Expenditures</b>				
<b>Operating</b>				
Public safety and legal services	\$ 14,924,604	\$ 14,614,405	\$ 14,422,347	\$ 14,060,278
Physical health and social services	1,965,078	1,943,714	1,799,294	12,035,761
Mental health	2,885,354	3,344,164	3,293,083	3,302,104
County environment and education	4,989,707	2,349,931	2,568,409	2,634,780
Roads and transportation	8,510,116	7,745,152	8,355,856	7,164,104
Governmental services to residents	1,615,917	1,489,051	1,351,855	1,340,195
Administration	3,844,095	6,996,165	11,607,385	6,973,229
Non-program	1,356,582	1,373,141	1,305,967	615,170
Debt service	5,050,975	1,902,214	985,400	703,925
Capital projects	11,094,575	11,644,315	5,454,851	6,859,625
<b>Total expenditures</b>	<b><u>\$ 56,237,003</u></b>	<b><u>\$ 53,402,252</u></b>	<b><u>\$ 51,144,447</u></b>	<b><u>\$ 55,689,171</u></b>

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

2014	2013	2012	2011	2010	2009
\$ 32,608,325	\$ 32,084,939	\$ 30,913,768	\$ 29,574,036	\$ 28,562,060	\$ 27,240,375
221,863	237,340	224,476	240,058	261,911	204,352
19,631,019	21,535,541	23,358,148	20,318,005	20,845,449	19,812,556
113,407	110,487	108,715	83,304	75,470	178,046
3,709,160	3,996,431	4,004,656	3,912,029	3,792,025	3,922,171
133,029	141,018	168,113	307,016	467,130	633,308
518,874	433,537	1,024,946	560,346	393,937	409,897
<u>\$ 56,935,677</u>	<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>
\$ 13,584,345	\$ 13,292,399	\$ 13,249,658	\$ 13,136,717	\$ 12,079,638	\$ 11,965,162
12,568,583	12,917,259	13,472,096	12,993,063	12,779,713	12,154,247
2,629,888	3,372,732	9,989,686	8,552,515	7,925,094	8,467,938
2,693,106	5,122,570	4,093,931	3,269,688	3,654,391	3,075,000
7,426,206	6,895,875	6,215,014	6,741,818	6,298,896	6,583,797
1,372,871	1,330,179	1,345,280	1,339,640	1,370,059	1,519,862
6,434,258	6,525,488	6,979,699	5,257,900	4,081,313	4,559,159
579,716	586,739	116,734	310,965	183,530	20,496
607,076	598,451	559,373	543,399	542,900	541,050
5,804,916	4,974,231	2,229,233	335,339	5,337,010	3,394,096
<u>\$ 53,700,965</u>	<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>



Information Provided to Comply with *Government  
Auditing Standards* and the Uniform Guidance  
June 30, 2018

## 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, 2018, 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 18, 2019.

**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 2018-A, 2018-B, and 2018-C to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying schedule of findings and questioned costs as items 2018-D and 2018-E to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2018, 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.



Dubuque, Iowa  
March 18, 2019



## **Independent Auditor's Report on Compliance for Each 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 Each 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 each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are 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 each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### **Opinion on Each 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 the major Federal programs for the year ended June 30, 2018.

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

Management of Dubuque County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 over compliance 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 2018-001 that we consider 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.

Handwritten signature of Erik Sully in cursive script, followed by a vertical line.

Dubuque, Iowa  
March 18, 2019

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

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	\$ 39,434	\$ -
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	49,365	49,365
U.S. Department of Justice Pass-Through Program From Iowa Department of Justice Crime Victim Assistance	16.575	VA-18-34-VWC	34,358	-
Violence Against Women Formula Grants	16.588	VW-18-18-CJ	46,000	-
Violence Against Women Formula Grants	16.588	VW-17-14-CJ	3,406	-
			<u>49,406</u>	<u>-</u>
Governor's Office of Drug Control Policy Public Safety Partnership and Community Policing Grants	16.710	16-CAMP-04	11,946	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15-JAG-195887	53,581	-
Direct Program Equitable Sharing Program	16.922		1,657	-
Equitable Sharing Program	16.922		75,548	-
			<u>77,205</u>	<u>-</u>
Total U.S. Department of Justice			<u>226,496</u>	<u>-</u>

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

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				
Iowa Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	BROS-C031 (80)--8J-31	\$ 237,914	\$ -
Highway Planning and Construction	20.205	TAP-R-000S (960)--8T-00	8,127	-
			<u>246,041</u>	<u>-</u>
Governor's Traffic Safety Bureau				
Highway Safety Cluster				
Alcohol Impaired Driving				
Countermeasures Incentive Grants I	20.601	17-402-M0AL, Task 08-00-00	16,701	-
Iowa Homeland Security and Emergency Management				
Interagency Hazardous Materials Public Sector Training and Planning Grants				
	20.703	HMEP-16-03	<u>1,542</u>	<u>-</u>
Total U.S. Department of Transportation			<u>264,284</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				
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.074	5887BT22	<u>64,049</u>	<u>-</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5887NB11WW	23,100	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5887NB11	14,275	-
			<u>37,375</u>	<u>-</u>
Iowa Department of Human Services				
Child Support Enforcement				
Human Services Administrative Reimbursement:	93.563	BOC 13-003	<u>166,995</u>	<u>-</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	N/A	<u>55</u>	<u>-</u>
CCDF Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	<u>10,702</u>	<u>-</u>

Dubuque County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

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 Human Services (continued)				
Human Services Administrative				
Reimbursement: (continued)				
Foster Care - Title IV-E	93.658	N/A	\$ 14,410	\$ -
Adoption Assistance - Title IV-E	93.659	N/A	4,635	-
Social Services Block Grant	93.667	N/A	11,760	-
Children's Health Insurance Program	93.767	N/A	291	-
Medicaid Cluster				
Medical Assistance Program	93.778	N/A	64,054	-
HIV Prevention Activities - Health Department Based	93.940	5887AP07	67,646	-
Total U.S. Department of Health and Human Services			441,972	-
U.S. Department of Homeland Security				
Pass-Through Program From				
Iowa Homeland Security and Emergency Management				
Disaster Grants - Public Assistance	97.036	DR-4334-IA	235,269	-
Total Expenditures of Federal Awards			\$ 1,256,820	\$ 49,365

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Dubuque County, Iowa, under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets (or net position or fund balance), or cash flows (if applicable) of the County.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

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:	Yes

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
Highway Planning and Construction Cluster	
Highway Planning and Construction	20.205
Disaster Grants - Public Assistance	97.036

Dollar threshold used to distinguish between type A and type B programs:	\$	750,000
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Auditee qualified as low-risk auditee?	No
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**Part II: Findings Related to the Financial Statements:**

**MATERIAL WEAKNESSES**

**2018-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, accounts payable, and salaries 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 construction in progress. Closer review of the capital assets and accounts payable procedures will be implemented.

**2018-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** – The addition of a CPA to the staff will allow for internal preparation of financial statements in future years.

**2018-C      Compensated Absences Restatement**

**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** – While calculating the June 30, 2018 accrued compensated absences balances, the County discovered errors within the June 30, 2017 liability balances. It was determined that the previously reported accrued compensated absences balances were material misstated. The errors were corrected by the County through a restatement of beginning equity.

**Cause** – There is a limited number of office employees with varying levels of experience with the reporting requirements. This limitation also reduces the opportunity for the internal review of work paper details.

**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** – Additional training will be obtained. Documentation of procedures will also be completed to allow the procedures to be followed in the future, particularly if there is a change in staff.

**SIGNIFICANT DEFICIENCIES**

**2018-D      County Recorder Segregation of Duties**

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

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

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

**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.

**2018-E County Sheriff Segregation of Duties**

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

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

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

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

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

**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:**

**2018-001      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 for fiscal year ended June 30, 2018**

**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 one occasion the County held grant funds in excess of eleven 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. Four of four cash receipts and disbursements were selected for testing.

**Repeat Finding from Prior Year** – Yes, prior year finding 2017-001.

**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:**

**2018-IA-A Certified Budget** – Disbursements during the year ended June 30, 2018 did not exceed the amounts budgeted by function. However, during the year ended June 30, 2018, 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.

**2018-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.

**2018-IA-C Travel Expense** – No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.

**2018-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	Services	\$ 9,039
Janelle Duwe, Deputy Treasurer, son owns JDs Groundkeeping	Services	\$ 1,870

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 and Janelle Duwe were not entered into through competitive bidding.

**2018-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.

**2018-IA-F Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.

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

**2018-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.

**2018-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).

**2018-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, 2018, for the County Extension Office did not exceed the amount budgeted.

**2018-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.