



Financial Statements
June 30, 2013

Dubuque County

DUBUQUE COUNTY

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Dubuque County

DUBUQUE COUNTY OFFICIALS

Name	Title	Term Expires
Daryl Klein	Board of Supervisors	January, 2015
Eric Manternach	Board of Supervisors	January, 2015
Wayne Demmer	Board of Supervisors	January, 2017
Denise Dolan	County Auditor	January, 2017
Eric Stierman	County Treasurer	January, 2015
Kathy Flynn Thurlow	County Recorder	January, 2015
Don Vrotsos	County Sheriff	January, 2017
Ralph Potter	County Attorney	January, 2015
Dave Kubik	County Assessor	January, 2016
Rick Engelken	City Assessor	January, 2014



Independent Auditor's Report

To the Officials of Dubuque County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of and for the year ended June 30, 2013, 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, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement Due to Correction of an Error

As discussed in Note 12 to the financial statements, the County changed its reporting of the Drug Task Force during the year from a discretely presented component unit to a special revenue fund of the County. Accordingly, the County has restated the related equity balances as of June 30, 2012. Our opinion is not modified with respect to that 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, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The list of county officials, combining nonmajor fund financial statements, and the schedule of revenues by source and expenditures by function are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining nonmajor fund financial statements, the schedule of revenues by source and expenditures by function, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the schedule of revenues by source and expenditures by function, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Dubuque, Iowa
March 11, 2014

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, 2013. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded the liabilities at the close of the most recent fiscal year by \$96,409,168 (*net position*). Of this amount, \$4,250,380 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net position increased by \$4,273,281.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$26,113,566, an increase of \$4,671,971 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,966,154 or 12.81% of total general fund expenditures.
- Total long-term liabilities increased by \$161,260 (4.45%) during the current fiscal year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a statement of net position and a statement of activities. These provide information about the activities of Dubuque County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Dubuque County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Dubuque County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.

Other supplementary information provides detailed information about the nonmajor special revenue and debt service funds, and the individual fiduciary funds.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The *statement of net position* presents all of the County's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the statement of net position and the statement of activities. The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through users fees and charges (*business-type activities*). Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and other non-program activities. Property tax and state and federal grants finance most of these activities. The County has no business-type activities.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County has two kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) Capital Projects, such as Local Option Tax, and 4) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The County maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, mental health fund, rural services fund, secondary roads fund and the local option tax fund, all of which are considered to be major funds. Data from the other 11 funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 16-19 of this report.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services, joint E911 services and the County and City assessors, to name a few.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

The basic fiduciary fund financial statement can be found on page 20 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 21-38 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's actual results in comparison to their original and amended budgets. Required supplementary information can be found on pages 39-42 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 43 and 44 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 exceeded liabilities by \$90,409,168 at the close of the most recent fiscal year.

Dubuque County, Iowa Net Position of Governmental Activities

	June 30,	
	2013	2012, as Restated
Current and other assets	\$ 60,876,712	\$ 55,936,347
Capital assets	73,224,569	72,058,144
Total assets	134,101,281	127,994,491
Long-term liabilities outstanding	3,785,831	3,624,571
Other liabilities	33,906,282	32,234,033
Total liabilities	37,692,113	35,858,604
Net position:		
Net investment in capital assets	72,942,778	71,771,313
Restricted	19,216,010	16,625,919
Unrestricted	4,250,380	3,738,655
Total net position	\$ 96,409,168	\$ 92,135,887

The largest portion of the County's net position (75.7%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$3,738,655 at June 30, 2012 to \$4,250,380 at the end of this year, an increase of 13.68%.

Governmental activities. Governmental activities increased the County's position by \$4,273,281. A condensed version of the Statement of Activities as of June 30, 2013, follows:

Dubuque County, Iowa
Changes in Net Position of Governmental Activities

	Year Ended June 30,	
	2013	2012, as Restated
Program revenues:		
Fines, fees, and charges for service	\$ 11,491,988	\$ 12,825,814
Operating grants and contributions	9,600,665	11,560,916
Capital grants and contributions	2,857,736	3,354,682
General revenues:		
Property taxes	28,368,868	27,533,308
Penalty and interest on property tax	232,367	232,149
State tax credits	858,586	3,342,209
Local option sales tax	3,734,279	3,382,410
Unrestricted investment earnings	118,739	140,986
Miscellaneous	370,584	834,656
	<u>57,633,812</u>	<u>63,207,130</u>
Program expenses:		
Public safety and legal services	13,609,429	13,701,820
Physical health and social services	13,405,419	13,116,560
Mental health	3,375,556	9,995,361
County environment and education	3,030,497	3,274,972
Roads and transportation	11,215,593	9,542,620
Governmental services to residents	1,185,465	1,458,798
Administration	6,940,791	7,329,368
Non-program	586,739	116,734
Interest on long-term debt	11,042	12,356
	<u>53,360,531</u>	<u>58,548,589</u>
Increase in net position	4,273,281	4,658,541
Beginning net position, as restated	<u>92,135,887</u>	<u>87,477,346</u>
Ending net position	<u>\$ 96,409,168</u>	<u>\$ 92,135,887</u>

-- Taxes increased by \$835,560 or 3%, during the year. This increase represents a taxable valuation growth of 4.3%, a 44-cent decrease in the general fund levy, a 37.98-cent increase in the MH/DD levy, no change in the debt service and rural levies.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$26,113,566, an increase of \$4,671,971 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 \$4,966,154, while the total fund balance reached \$6,160,553. 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 12.8% of total general fund expenditures, while total fund balance represents 15.9% of that same amount.

The fund balance of the County's general fund decreased \$709,698 during the current fiscal year. Key factors in this decrease are as follows:

- Revenues decreased \$1,188,191, due to decreases in revenue categories, particularly taxes and intergovernmental revenues, including grants and FEMA.
- Expenses increased \$462,490 primarily due to wage increases, grants and FEMA.

The rural services fund has a total fund balance of \$228,583, which is an increase of \$45,513 from the prior year. Key factors in this increase are as follows:

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

The secondary roads fund has a total fund balance of \$3,864,025, which is an increase of \$901,379 from the prior year. Key factors in this increase are as follows:

- Increased expenses were offset by increases in various revenues.

The mental health fund has a total fund balance of negative \$1,460,533 which is an increase of \$2,556,624 from the prior year. Key factors in this increase are as follows:

- While revenues decreased by \$1,274,433, expenses decreased more significantly, by \$6,616,954.

The local option tax fund has a total fund balance of \$8,341,819, which is an increase of \$247,981 from the prior year. A key factor in the decrease was:

- An increase in revenue, which was not matched by the increase in expenditures.

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 five times.

The first amendment, on August 13, 2012, net of transfers, decreased revenues by \$21,000 and increased disbursements by \$200,378. This amendment was necessary to allow for employee benefits negotiated with bargaining units, which were not included in the original budget. There was, also, an adjustment for employee health insurance deductibles.

The second amendment, on September 10, 2012, increased revenues by \$ 10,669,448 and expenditures by \$14,819,042. This amendment revised disbursements to reflect monies budgeted in the previous fiscal year which were not expended until the current fiscal year. The majority of the change was due to multi-year federal grants, road construction projects, repair of a bridge on the Heritage trail and pedestrian overpass.

The third amendment, on November 5, 2012, decreased disbursements by \$68,482. This amendment corrected overstatements in the second amendment.

The fourth amendment, on March 25, 2013, decreased receipts by \$5,445,832 and disbursements by \$11,309,382. This reflects changes made by the Board of Supervisors during department worksessions for preparation of the FY14 budget.

The fifth amendment, on May 20, 2013, increased revenue by \$3,405 and disbursements by \$464,758. The increase was due to expenses which were unanticipated at the time of the last amendment.

The net increase in revenues and other sources of \$6,129,402 resulted in an amended total of \$71,266,579. The net increase in disbursements and other uses of \$4,756,275 resulted in an amended total of \$71,850,065.

Actual cash disbursements for the year totaled \$61,976,361 or \$9,873,705 less than the final amended budget. The largest factor contributing to the difference was capital projects which were approximately \$2.7-million less than budget due to seasonal timing of road construction projects in the local option tax fund, and Heritage Trail projects, and CDBG grant and FEMA projects of \$3.5-million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY13, Dubuque County had \$73,224,569 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This amount represents a net increase (including additions and deletions) of \$1,166,425, or 1.6% over last year.

Capital Assets of Governmental Activities at Year-End

	June 30,	
	2013	2012
Land	\$ 4,331,622	\$ 3,545,232
Buildings and improvements	12,033,248	13,953,937
Machinery and equipment	4,762,964	4,350,804
Infrastructure	50,989,970	48,589,406
Construction in progress	1,106,765	1,618,765
Total	<u>\$ 73,224,569</u>	<u>\$ 72,058,144</u>

The County had depreciation expense of \$4,625,677 for the year ended June 30, 2013, and total accumulated depreciation as of June 30, 2013 of \$66,804,160.

The County's final fiscal year 2013 capital budget included approximately \$5.9 million for capital projects, which included secondary road construction. The County has no plans to issue additional debt to finance these projects. The County will use resources on hand in the County's fund balance.

Additional information on the County's capital assets can be found in Note 5 on pages 29 through 30 of this report.

Long-term Liabilities

At year-end, the County had total long-term liabilities of \$3,785,831 compared to \$3,624,571 last year, an increase of \$161,260 (4.45%), as detailed below:

Long-term Liabilities of Governmental Activities at Year-End

	June 30,	
	2013	2012
Notes payable	\$ 759,219	\$ 801,592
Compensated absences	2,232,186	2,129,559
Net OPEB liability	794,426	693,420
Total	<u>\$ 3,785,831</u>	<u>\$ 3,624,571</u>

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County is currently 4.6%, down 2% from the previous year and comparable with the State of Iowa rate of 4.6% and the 7.5% national rate. Currently, there are 59,000 jobs in Dubuque County, an increase of 600 from the previous year.

Taxes levied for fiscal year 2014 will increase by \$1,009,918, or 3.7% from the fiscal year 2013 budget. This increase represents a taxable valuation growth of 3.5%, and no change in tax levy rates.

The 2014 County-wide levy rate is \$6.43124 per thousand dollars of taxable value. Net property tax revenue represents 45.8% of total revenues, an increase of 4.5% from the prior year. Rural residents will pay \$10.00045 per thousand dollars of taxable value, including the rural service levy of \$3.56921.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Dubuque County's finances and to show the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Dubuque County Auditor's Office, 720 Central Avenue, Dubuque, Iowa 52001.



Basic Financial Statements
Dubuque County

DUBUQUE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2013

Exhibit A

	<u>Governmental Activities</u>
ASSETS	
Cash and pooled investments	\$ 25,927,140
Receivables:	
Property tax:	
Delinquent	77,379
Succeeding year	29,218,226
Interest and penalty on property tax	29,878
Accounts	68,280
Due from other governments	3,756,867
Prepaid expenses	360,239
Inventories	692,054
Notes receivable	746,649
Capital assets:	
Land and construction in progress, not being depreciated	5,438,387
Other capital assets (net of accumulated depreciation)	<u>67,786,182</u>
Total assets	<u>134,101,281</u>
LIABILITIES	
Accounts payable	1,775,174
Accrued interest payable	2,158
Salaries and benefits payable	1,349,398
Due to other governments	1,561,326
Unearned revenue	29,218,226
Long-term liabilities:	
Portion due or payable within one year:	
Notes payable	319,467
Compensated absences	1,268,447
Portion due or payable after one year:	
Notes payable	439,752
Compensated absences	963,739
Net OPEB liability	<u>794,426</u>
Total liabilities	<u>37,692,113</u>
NET POSITION	
Net Investment in Capital Assets	72,942,778
Restricted for:	
Supplemental levy purposes	559,765
Mental health purposes	1,471,180
Secondary roads purposes	5,235,479
Economic development	1,288,552
Debt service	2,843
Capital projects	8,341,819
Other purposes	2,316,372
Unrestricted	<u>4,250,380</u>
Total net position	<u>\$ 96,409,168</u>

See notes to financial statements.

DUBUQUE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Exhibit B

Functions/Programs:	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Public safety and legal services	\$ 13,609,429	\$ 770,966	\$ 498,988	\$ -	\$ (12,339,475)
Physical health and social services	13,405,419	8,546,917	663,660	-	(4,194,842)
Mental health	3,375,556	-	701,761	-	(2,673,795)
County environment and education	3,030,497	393,685	161,568	1,827,886	(647,358)
Roads and transportation	11,215,593	48,978	4,229,995	1,029,850	(5,906,770)
Governmental services to residents	1,185,465	1,638,836	-	-	453,371
Administration	6,940,791	92,606	3,344,693	-	(3,503,492)
Non-program	586,739	-	-	-	(586,739)
Interest on long-term debt	11,042	-	-	-	(11,042)
Total Governmental Activities	<u>\$ 53,360,531</u>	<u>\$ 11,491,988</u>	<u>\$ 9,600,665</u>	<u>\$ 2,857,736</u>	<u>(29,410,142)</u>
General Revenues:					
Property and other County tax levied for:					
General purposes					27,832,559
Debt service					536,309
Penalty and interest on property tax					232,367
State tax credits					858,586
Local option sales tax					3,734,279
Unrestricted investment earnings					118,739
Miscellaneous					370,584
Total General Revenues					<u>33,683,423</u>
Change in Net Position					4,273,281
Net Position Beginning of Year, as Restated					<u>92,135,887</u>
Net Position End of Year					<u>\$ 96,409,168</u>

DUBUQUE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special		
	General	Rural Services	Secondary Roads
Assets			
Cash and pooled investments	\$ 5,966,944	\$ 267,368	\$ 3,096,816
Receivables:			
Property tax:			
Delinquent	52,416	12,725	-
Succeeding year	20,735,036	3,977,922	-
Interest and penalty on property tax	29,878	-	-
Accounts	60,038	603	6,382
Due from other governments	2,232,169	-	895,819
Inventories	84,354	-	607,700
Prepaid expenses	360,239	-	-
Notes receivable	190,041	-	-
	<u>\$ 29,711,115</u>	<u>\$ 4,258,618</u>	<u>\$ 4,606,717</u>
Total assets			
	<u>\$ 29,711,115</u>	<u>\$ 4,258,618</u>	<u>\$ 4,606,717</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,143,218	\$ 7,030	\$ 214,003
Salaries and benefits payable	1,158,331	32,366	147,356
Due to other governments	60,345	-	320
Deferred revenue:			
Succeeding year property tax	20,735,036	3,977,922	-
Other	453,632	12,717	381,013
Total liabilities	<u>23,550,562</u>	<u>4,030,035</u>	<u>742,692</u>
Fund balances:			
Nonspendable	634,634	-	607,700
Restricted	559,765	228,583	3,256,325
Committed	-	-	-
Unassigned	4,966,154	-	-
	<u>6,160,553</u>	<u>228,583</u>	<u>3,864,025</u>
Total fund balances			
	<u>6,160,553</u>	<u>228,583</u>	<u>3,864,025</u>
Total liabilities and fund balances			
	<u>\$ 29,711,115</u>	<u>\$ 4,258,618</u>	<u>\$ 4,606,717</u>

See notes to financial statements.

<u>Revenue</u>	<u>Capital Projects</u>		
Mental Health	Local Option Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,980,521	\$ 9,062,889	\$ 5,552,602	\$ 25,927,140
11,158	-	1,080	77,379
3,936,211	-	569,057	29,218,226
-	-	-	29,878
1,257	-	-	68,280
60,242	568,637	-	3,756,867
-	-	-	692,054
-	-	-	360,239
-	30,978	525,630	746,649
<u>\$ 5,989,389</u>	<u>\$ 9,662,504</u>	<u>\$ 6,648,369</u>	<u>\$ 60,876,712</u>
\$ 260,382	\$ 130,295	\$ 20,246	\$ 1,775,174
11,345	-	-	1,349,398
310,271	1,190,390	-	1,561,326
3,936,211	-	569,057	29,218,226
10,647	-	1,013	859,022
<u>4,528,856</u>	<u>1,320,685</u>	<u>590,316</u>	<u>34,763,146</u>
-	-	-	1,242,334
1,460,533	8,341,819	4,358,053	18,205,078
-	-	1,700,000	1,700,000
-	-	-	4,966,154
<u>1,460,533</u>	<u>8,341,819</u>	<u>6,058,053</u>	<u>26,113,566</u>
<u>\$ 5,989,389</u>	<u>\$ 9,662,504</u>	<u>\$ 6,648,369</u>	<u>\$ 60,876,712</u>

DUBUQUE COUNTY
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Exhibit D

Total governmental fund balances \$ 26,113,566

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

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

Those assets consist of:

Land and land improvements, net of \$629,577 accumulated depreciation	\$ 5,619,539	
Construction in progress	1,106,765	
Infrastructure, net of \$46,243,594 accumulated depreciation	50,989,970	
Buildings, net of \$7,823,307 accumulated depreciation	10,745,331	
Equipment, net of \$12,107,682 accumulated depreciation	<u>4,762,964</u>	
Total capital assets		73,224,569

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

859,022

Long-term liabilities applicable to the County's governmental
activities are not due and payable in the current period and
accordingly are not reported as fund liabilities. Interest on
long-term debt is not accrued in governmental funds, but rather
is recognized as an expenditure when due. All liabilities - both
current and long-term - are reported in the statement of net
position. Balances at June 30, 2013, are:

Accrued interest on bonds	(2,158)	
Notes payable	(759,219)	
Compensated absences	(2,232,186)	
Net OPEB liability	<u>(794,426)</u>	
Total long-term liabilities		<u>(3,787,989)</u>

Net position of governmental activities \$ 96,409,168

DUBUQUE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

		Special	
	General	Rural Services	Secondary Roads
Revenues:			
Property and other County tax	\$ 18,852,392	\$ 3,707,629	\$ -
Interest and penalty on property tax	237,340	-	-
Intergovernmental	14,547,421	381,491	4,473,848
Licenses and permits	61,957	16,625	31,905
Charges for service	3,947,873	18,571	6,225
Use of money and property	101,628	-	15,820
Miscellaneous	323,594	8,076	45,125
Total revenues	<u>38,072,205</u>	<u>4,132,392</u>	<u>4,572,923</u>
Expenditures:			
Operating:			
Public safety and legal services	13,117,454	-	-
Physical health and social services	12,917,259	-	-
Mental health	-	-	-
County environment and education	4,016,496	866,282	-
Roads and transportation	-	-	6,895,875
Governmental services to residents	1,303,263	-	-
Administration	6,525,488	-	-
Non-program	586,739	-	-
Debt service	-	-	-
Capital projects	315,204	-	-
Total expenditures	<u>38,781,903</u>	<u>866,282</u>	<u>6,895,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(709,698)</u>	<u>3,266,110</u>	<u>(2,322,952)</u>
Other financing sources (uses):			
Transfers in (out)	-	(3,220,597)	3,220,597
Note payable issued	-	-	-
Sale of capital assets	-	-	3,734
Total other financing sources (uses)	<u>-</u>	<u>(3,220,597)</u>	<u>3,224,331</u>
Net change in fund balances	(709,698)	45,513	901,379
Fund balances (deficit) beginning of year, as restated	<u>6,870,251</u>	<u>183,070</u>	<u>2,962,646</u>
Fund balances end of year	<u>\$ 6,160,553</u>	<u>\$ 228,583</u>	<u>\$ 3,864,025</u>

See notes to financial statements.

<u>Revenue</u>	<u>Capital Projects</u>		
Mental Health	Local Option Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,018,557	\$ 3,734,279	\$ 772,082	\$ 32,084,939
-		-	237,340
854,057	-	1,278,724	21,535,541
-	-	-	110,487
-	-	23,762	3,996,431
-	3,919	19,651	141,018
<u>56,742</u>	<u>-</u>	<u>-</u>	<u>433,537</u>
<u>5,929,356</u>	<u>3,738,198</u>	<u>2,094,219</u>	<u>58,539,293</u>
-	-	174,945	13,292,399
-	-	-	12,917,259
3,372,732	-	-	3,372,732
-	-	239,792	5,122,570
-	-	-	6,895,875
-	-	26,916	1,330,179
-	-	-	6,525,488
-	-	-	586,739
-	-	598,451	598,451
<u>-</u>	<u>3,490,217</u>	<u>1,168,810</u>	<u>4,974,231</u>
<u>3,372,732</u>	<u>3,490,217</u>	<u>2,208,914</u>	<u>55,615,923</u>
<u>2,556,624</u>	<u>247,981</u>	<u>(114,695)</u>	<u>2,923,370</u>
-	-	-	-
-	-	544,867	544,867
<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>1,203,734</u>
<u>-</u>	<u>-</u>	<u>1,744,867</u>	<u>1,748,601</u>
2,556,624	247,981	1,630,172	4,671,971
<u>(1,096,091)</u>	<u>8,093,838</u>	<u>4,427,881</u>	<u>21,441,595</u>
<u>\$ 1,460,533</u>	<u>\$ 8,341,819</u>	<u>\$ 6,058,053</u>	<u>\$ 26,113,566</u>

DUBUQUE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Exhibit F

Net change in fund balances - Total governmental funds \$ 4,671,971

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

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

Expenditures for capital assets	6,983,711
Contributed capital assets	498,543
Depreciation expense	(4,625,677)

In the statement of activities, the gain or loss on the sale of
capital assets is recognized, whereas in the governmental funds,
only the proceeds from the sale increased financial resources.
Thus, the change in net position differs from the change in fund
balances by the book value of the capital assets sold. (1,690,152)

Bond proceeds and capital leases are reported as financing sources
in governmental funds and thus contribute to the change in fund balances.
In the statement of net position, however, issuing debt increases long-term
liabilities and does not affect the statement of activities. Repayment of
principal is an expenditure in the governmental funds but reduces the
liability in the statement of net position.

Debt issued	(544,867)
Repayments	587,240

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. (1,404,024)

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

Change in accrued compensated absences	(102,627)
Change in OPEB liability	(101,006)
Change in accrued interest on debt	169

Change in net position of governmental activities \$ 4,273,281

DUBUQUE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2013

Exhibit G

ASSETS

Cash and pooled investments	\$ 5,171,215
Receivables:	
Property tax:	
Delinquent	183,328
Succeeding year	81,275,050
Special assessments	82,623
Accounts	2,280
Due from other governments	<u>2,578</u>
 Total assets	 <u>86,717,074</u>

LIABILITIES

Due to other governments	86,614,966
Trusts payable	<u>102,108</u>
 Total liabilities	 <u>86,717,074</u>

NET POSITION

\$ -

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013.

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.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three 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 that does not meet 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 and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The County reports the following major governmental funds:

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

Special Revenue:

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

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

The Local Option Tax Fund is used to account for revenue received from a 1% sales tax to be used for rural road construction.

Additionally, the County reports the following fund types:

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

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

Measurement Focus and Basis of Accounting

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

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

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.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments consist of certificates of deposit which are stated at cost.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011, assessed property valuations; is for the tax accrual period July 1, 2012, through June 30, 2013, and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2012.

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

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds have not been paid or received as of June 30, 2013, 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.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years. There are no capitalization thresholds for land and buildings. All acquisitions for land and buildings are recorded.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Intangibles	50,000
Improvements other than buildings	5,000
Machinery and equipment	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Infrastructure	10 – 65
Buildings	15 – 50
Improvements other than buildings	10 – 25
Intangibles	5 – 20
Machinery and equipment	5 – 20

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

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

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

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Rural Services, Secondary Roads, and Mental Health Funds.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

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

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

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

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

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Fund Balance Classification	Purpose	Fund	Amount
Nonspendable	Prepays	General	\$ 360,239
	Notes Receivable	General	190,041
	Inventories	General	84,354
		Secondary Roads	607,700
			<u>\$ 1,242,334</u>
Restricted	General		
	Supplemental	General	\$ 559,765
	Rural Services	Rural Services	228,583
	Secondary Roads	Secondary Roads	3,256,325
		Time-21	990,441
	Mental Health	Mental Health	1,460,533
	Capital Projects	LOST	8,341,819
		Capital Projects	50,000
	Conservation	REAP	58,746
		Conservation Land Acquisition	380,787
	Records	County Recorder's	
	Management	Records Management	36,265
	Economic	Rural Economic	
	Development	Development	1,288,552
	Gold Dome		
	Projects	Gold Dome	55,259
	Public Safety	Sheriff Forfeiture	810,429
		Drug Task Force	683,586
	Debt Obligations	Debt Service	3,988
			<u>\$ 18,205,078</u>
Committed	Capital Projects	Capital Projects	<u>\$ 1,700,000</u>

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements exceeded the amounts budgeted for the debt service function. In addition, disbursements in certain departments exceeded the amounts appropriated.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2013, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The County had no investments at June 30, 2013.

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

Credit Risk. The County's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The County did not invest in any commercial paper or other corporate debt during the year.

Concentration of Credit Risk. The County's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The County held no such investments during the year.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's deposits are entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County did not hold any investments during the year.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2013, is as follows:

	<u>Transfer to:</u>
	Secondary
	<u>Roads</u>
Transfer from:	
Rural Services	<u>\$ 3,220,597</u>

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

NOTE 4 – NOTES RECEIVABLE

The County has made funds available for interest-free loans to rural Dubuque County fire departments and EMS services to purchase fire protection and life support equipment through the County Assistance Fund. These amounts are to be repaid to the County in annual installments. The balance of these notes receivable at June 30, 2013, was \$190,041.

The County has guaranteed indebtedness through the Rural Economic Development Intermediary Relending Program with three loans to businesses located in Dubuque County, totaling \$525,630 at June 30, 2013. The loans are accounted for in the Rural Economic Development Fund and mature in varying amounts through June 30, 2023.

The County has made an interest-free loan to the City of Bernard for a road construction project. This amount is to be repaid to the County in annual installments. The balance of this note receivable at June 30, 2013, was \$30,978.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>End</u> <u>of Year</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,545,232	\$ 786,390	\$ -	\$ 4,331,622
Construction in progress	<u>1,618,765</u>	<u>5,469,018</u>	<u>5,981,018</u>	<u>1,106,765</u>
Total capital assets, not being depreciated	<u>5,163,997</u>	<u>6,255,408</u>	<u>5,981,018</u>	<u>5,438,387</u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets, being depreciated:				
Buildings	\$ 22,504,186	\$ 66,330	\$ 4,001,878	\$ 18,568,638
Improvements other than buildings	1,985,416	26,618	94,540	1,917,494
Machinery and equipment	15,857,949	1,429,168	416,471	16,870,646
Infrastructure	91,547,816	5,685,748	-	97,233,564
Total capital assets being depreciated	<u>131,895,367</u>	<u>7,207,864</u>	<u>4,512,889</u>	<u>134,590,342</u>
Less accumulated depreciation for:				
Buildings	9,982,336	390,801	2,549,830	7,823,307
Improvements other than buildings	553,329	100,828	24,580	629,577
Machinery and equipment	11,507,145	848,864	248,327	12,107,682
Infrastructure	42,958,410	3,285,184	-	46,243,594
Total accumulated depreciation	<u>65,001,220</u>	<u>4,625,677</u>	<u>2,822,737</u>	<u>66,804,160</u>
Total capital assets, being depreciated, net	<u>66,894,147</u>	<u>2,582,187</u>	<u>1,690,152</u>	<u>67,786,182</u>
Governmental activities capital assets, net	<u>\$ 72,058,144</u>	<u>\$ 8,837,595</u>	<u>\$ 7,671,170</u>	<u>\$ 73,224,569</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 454,336
Physical health and social services	9,303
County environment and education	325,369
Roads and transportation	3,658,310
Governmental services to residents	36,789
Administration	<u>141,570</u>
Total depreciation expense - governmental activities	<u>\$ 4,625,677</u>

Construction Commitments – The County has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2013. The County has additional commitments for signed construction contracts of \$1,912,062 as of June 30, 2013. These commitments will be funded by federal and state grants.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – DUE TO OTHER GOVERNMENTS

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

Fund	Description	Amount
General	Services	<u>\$ 60,345</u>
Special Revenue:		
Secondary Roads	Services	320
Mental Health	Services	310,271
Local Option Tax	Services	<u>1,190,390</u>
		<u>1,500,981</u>
Total for governmental funds		<u><u>\$ 1,561,326</u></u>
Agency:	Collections	
County Recorder		\$ 76,265
County Recorder's Electronic Transaction Fee		4,408
County Sheriff		82,605
E911		361,961
Drainage District		720
Agricultural Extension Education		352,827
County Assessor		1,114,892
City Assessor		1,140,530
Schools		47,333,888
Area Schools		2,187,081
Corporations		29,176,271
Townships		644,182
Auto License and Use Tax		2,931,343
Brucellosis and Tuberculosis Eradication		13,032
Joint Disaster Services		115,008
County Hospital		1,065,243
Canine		4,578
Commissary		<u>10,132</u>
Total for agency funds		<u><u>\$ 86,614,966</u></u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2013, is as follows:

	<u>Compensated Absences</u>	<u>Net OPEB Liability</u>	<u>Rural Economic Development Loan</u>	<u>Capital Projects Note Payable</u>	<u>Total</u>
Balance Beginning					
of Year	\$ 2,129,559	\$ 693,420	\$ 514,761	\$ 286,831	\$ 3,624,571
Increases	1,312,756	101,006	-	544,867	1,958,629
Decreases	<u>(1,210,129)</u>	<u>-</u>	<u>(37,333)</u>	<u>(549,907)</u>	<u>(1,797,369)</u>
Balance End of Year	<u>\$ 2,232,186</u>	<u>\$ 794,426</u>	<u>\$ 477,428</u>	<u>\$ 281,791</u>	<u>\$ 3,785,831</u>
Due Within One Year	<u>\$ 1,268,447</u>	<u>-</u>	<u>\$ 37,676</u>	<u>\$ 281,791</u>	<u>\$ 1,587,914</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 2013, the County borrowed an additional \$544,867 on the capital projects note payable. This brought the cumulative total amount borrowed to \$1,341,615, of a possible borrowing limit of \$2.5 million. The stated interest rate is 2.25%, and is to finance various capital projects.

A summary of the County's June 30, 2013, indebtedness is as follows:

Year Ending June 30,	<u>Rural Economic Development Loan</u>		<u>Capital Projects Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 37,676	\$ 4,774	\$ 281,791	\$ 6,340
2015	38,052	4,398	-	-
2016	38,433	4,017	-	-
2017	38,817	3,633	-	-
2018	39,205	3,245	-	-
2019-2023	201,987	10,263	-	-
2024-2025	<u>83,258</u>	<u>1,642</u>	<u>-</u>	<u>-</u>
	<u>\$ 477,428</u>	<u>\$ 31,972</u>	<u>\$ 281,791</u>	<u>\$ 6,340</u>

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 – PENSION AND RETIREMENT BENEFITS

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

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% of covered payroll. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011, were \$1,731,617, \$1,586,063, and \$1,373,981, respectively, equal to the required contributions for each year.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 477 active and 12 retired members in the plan. Participants must be age 55 or older at retirement. The plan does not issue a stand-alone financial report.

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

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

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

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 154,445
Interest on net OPEB obligation	27,737
Adjustment to annual required contribution	<u>(27,557)</u>
Annual OPEB cost (expense)	154,625
Contributions made	<u>(53,619)</u>
Increase in net OPEB obligation	101,006
Net OPEB obligation, beginning of year	<u>693,420</u>
Net OPEB obligation, end of year	<u>\$ 794,426</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the County contributed \$53,619 to the medical plan. Plan members eligible for benefits contributed \$90,539 or 100% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 226,084	9.83%	\$ 491,455
2012	234,589	13.91%	693,420
2013	154,625	34.68%	794,426

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1,471,340, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,471,340. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$17,533,794 and the ratio of the UAAL to covered payroll was 8.4%. As of June 30, 2013, there were no trust fund assets.

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

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

As of the July 1, 2012, actuarial valuation date, the projected unit credit with linear proration to decrement method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Combined Mortality Table.

Projected claim costs of the medical plan are \$568 per month for retirees. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

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 679 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% 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.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, were \$381,726.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2013, no liability has been recorded in the County's financial statements. As of June 30, 2013, 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. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for workers' compensation in excess of \$1,000,000 on Coverage B – Employers Liability. The County assumes responsibility for an employee fidelity loss in excess of \$100,000 for all employees and in excess of \$250,000 for the Treasurer, 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.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – CONDUIT DEBT OBLIGATIONS

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

At June 30, 2013, there was one series of Industrial Revenue Bonds outstanding with a principal amount payable of \$3,797,095.

NOTE 12 – RESTATEMENT OF EQUITY

During fiscal year 2013, the Drug Task Force was shown to not be a separate legal entity, with its corporate powers being held by the County. Consequently under generally accepted accounting principles, the Drug Task Force is to be reported as part of the County and not as a discretely presented component unit as reported in prior years. The County no longer has any discretely presented component units. The effects of the change in reporting are as follows:

	Nonmajor Governmental Funds	Governmental Activities
	<u> </u>	<u> </u>
Equity Balances June 30, 2012, as previously reported	\$ 2,938,164	\$ 90,646,170
Change to reporting Drug Task Force as Special Revenue Fund	<u>1,489,717</u>	<u>1,489,717</u>
Equity Balances July 1, 2012, as restated	<u>\$ 4,427,881</u>	<u>\$ 92,135,887</u>

NOTE 13 – SUBSEQUENT EVENTS

In July 2013, the County authorized a \$1,683,500 capital projects note payable to fund various capital projects. As of the end of February 2014, \$831,178 of the note was borrowed. The interest rate on the note is 2%. The note will be repaid with bi-annual payments starting December 1, 2013 and continuing until June 1, 2017.

DUBUQUE COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 – PROSPECTIVE ACCOUNTING PRONOUNCEMENT

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

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

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

Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25, issued June 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Statement No. 69, Government Combinations and Disposals of Government Operations, issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, issued April 2013, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions.

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



Required Supplementary Information
Dubuque County

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DUBUQUE COUNTY
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN BALANCES – BUDGET AND ACTUAL (CASH BASIS) –
GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2013

	Actual	Budgeted Amounts	
		Original	Final
Receipts:			
Property and other County tax	\$ 32,043,529	\$ 31,734,820	\$ 31,552,028
Interest and penalty on property tax	227,750	229,250	229,250
Intergovernmental	20,104,411	20,770,530	25,024,957
Licenses and permits	106,708	76,300	84,434
Charges for service	4,011,180	3,799,586	4,023,020
Use of money and property	273,653	275,237	259,057
Miscellaneous	546,663	226,633	400,788
Total receipts	<u>57,313,894</u>	<u>57,112,356</u>	<u>61,573,534</u>
Disbursements:			
Public safety and legal services	13,089,157	13,766,295	13,299,820
Physical health and social services	12,886,298	13,684,125	13,059,097
Mental health	4,328,714	10,916,526	5,219,457
County environment and education	5,089,916	3,518,726	6,826,086
Roads and transportation	7,015,730	6,545,137	7,591,344
Governmental services to residents	1,334,918	1,366,344	1,338,365
Administration	6,079,964	3,469,974	9,623,977
Non-program	581,136	950	842,273
Debt service	556,002	551,956	551,963
Capital projects	3,166,323	6,348,936	5,922,901
Total disbursements	<u>54,128,158</u>	<u>60,168,969</u>	<u>64,275,283</u>
Excess (deficiency) of receipts over (under) disbursements	3,185,736	(3,056,613)	(2,701,749)
Other financing sources (uses)			
Bond proceeds	544,867	1,100,000	963,852
Proceeds of fixed asset sales	1,204,145	-	1,175,411
Transfers, net	-	-	(21,000)
Total other financing sources (uses)	<u>1,749,012</u>	<u>1,100,000</u>	<u>2,118,263</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	4,934,748	(1,956,613)	(583,486)
Balance beginning of year	<u>19,209,594</u>	<u>13,294,188</u>	<u>19,209,569</u>
Balance end of year	<u>\$ 24,144,342</u>	<u>\$ 11,337,575</u>	<u>\$ 18,626,083</u>

Variance - Over (Under) Budget	Actual as a % of Amended Budget
\$ 491,501	102
(1,500)	99
(4,920,546)	80
22,274	126
(11,840)	100
14,596	106
<u>145,875</u>	<u>136</u>
<u>(4,259,640)</u>	<u>93</u>

(210,663)	98
(172,799)	99
(890,743)	83
(1,736,170)	75
(575,614)	92
(3,447)	100
(3,544,013)	63
(261,137)	69
4,039	101
<u>(2,756,578)</u>	<u>53</u>
<u>(10,147,125)</u>	<u>84</u>

5,887,485

(418,985)
28,734
<u>21,000</u>
<u>(369,251)</u>

5,518,234

<u>25</u>
<u>\$ 5,518,259</u>

DUBUQUE COUNTY
BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2013

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 57,313,894	\$ 1,225,399	\$ 58,539,293
Expenditures	<u>54,128,158</u>	<u>1,487,765</u>	<u>55,615,923</u>
Net	3,185,736	(262,366)	2,923,370
Other financing sources, net	1,749,012	(411)	1,748,601
Beginning fund balances, as restated	<u>19,209,594</u>	<u>2,232,001</u>	<u>21,441,595</u>
Ending fund balances	<u>\$ 24,144,342</u>	<u>\$ 1,969,224</u>	<u>\$ 26,113,566</u>

DUBUQUE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY REPORTING
JUNE 30, 2013

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

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except for the Drug Task Force Special Revenue Fund and the Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, five budget amendments increased budgeted disbursements by \$4,106,314. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the City Assessor by the City Conference Board, for the E911 System by the Joint E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2013, disbursements exceeded the amounts budgeted for the debt service function. In addition, disbursements in certain departments exceeded the amounts appropriated.

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2011	7/1/2010	\$ -	\$ 1,967,749	\$ 1,967,749	0.00%	\$ 17,793,761	11.1%
2012	7/1/2010	-	2,126,084	2,126,084	0.00%	18,327,574	11.6%
2013	7/1/2012	-	1,471,340	1,471,340	0.00%	17,533,794	8.4%

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



Other Supplementary Information
Dubuque County

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DUBUQUE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

Assets	Special			
	REAP Fund	County Recorder's Records Management	Rural Economic Development	Gold Dome
Cash and pooled investments	\$ 58,746	\$ 36,265	\$ 762,922	\$ 55,259
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Notes receivable	-	-	525,630	-
Total assets	\$ 58,746	\$ 36,265	\$ 1,288,552	\$ 55,259
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Restricted	58,746	36,265	1,288,552	55,259
Committed	-	-	-	-
Total fund balances	58,746	36,265	1,288,552	55,259
Total liabilities and fund balances	\$ 58,746	\$ 36,265	\$ 1,288,552	\$ 55,259

Schedule 1

Revenue				Capital Projects			Total Nonmajor Governmental Funds
Sheriff Forfeiture	TIF	Time-21	Drug Task Force	Capital Projects	Conservation Land Acquisition	Debt Service	
\$ 810,429	\$ -	\$ 990,441	\$ 703,832	\$ 1,750,000	\$ 380,787	\$ 3,921	\$ 5,552,602
-	-	-	-	-	-	1,080	1,080
-	-	-	-	-	-	569,057	569,057
-	-	-	-	-	-	-	525,630
<u>\$ 810,429</u>	<u>\$ -</u>	<u>\$ 990,441</u>	<u>\$ 703,832</u>	<u>\$ 1,750,000</u>	<u>\$ 380,787</u>	<u>\$ 574,058</u>	<u>\$ 6,648,369</u>
\$ -	\$ -	\$ -	\$ 20,246	\$ -	\$ -	\$ -	\$ 20,246
-	-	-	-	-	-	569,057	569,057
-	-	-	-	-	-	1,013	1,013
-	-	-	20,246	-	-	570,070	590,316
810,429	-	990,441	683,586	50,000	380,787	3,988	4,358,053
-	-	-	-	1,700,000	-	-	1,700,000
<u>810,429</u>	<u>-</u>	<u>990,441</u>	<u>683,586</u>	<u>1,750,000</u>	<u>380,787</u>	<u>3,988</u>	<u>6,058,053</u>
<u>\$ 810,429</u>	<u>\$ -</u>	<u>\$ 990,441</u>	<u>\$ 703,832</u>	<u>\$ 1,750,000</u>	<u>\$ 380,787</u>	<u>\$ 574,058</u>	<u>\$ 6,648,369</u>

DUBUQUE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	County			Special
	REAP Fund	Recorder's Records Management	Rural Economic Development	Gold Dome
Revenues:				
Property and other County tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	28,019	-	-	-
Charges for service	-	23,762	-	-
Use of money and property	84	59	17,673	106
Total revenues	<u>28,103</u>	<u>23,821</u>	<u>17,673</u>	<u>106</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	4,018	-
Governmental services to residents	-	26,916	-	-
Debt service	-	-	42,450	-
Capital projects	-	-	-	-
Total expenditures	<u>-</u>	<u>26,916</u>	<u>46,468</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,103</u>	<u>(3,095)</u>	<u>(28,795)</u>	<u>106</u>
Other financing sources:				
Note payable issued	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	28,103	(3,095)	(28,795)	106
Fund balances beginning of year, as restated	<u>30,643</u>	<u>39,360</u>	<u>1,317,347</u>	<u>55,153</u>
Fund balances end of year	<u>\$ 58,746</u>	<u>\$ 36,265</u>	<u>\$ 1,288,552</u>	<u>\$ 55,259</u>

Revenue				Capital Projects			Total
Sheriff Forfeiture	TIF	Time-21	Drug Task Force	Capital Projects	Conservation Land Acquisition	Debt Service	Nonmajor Governmental Funds
\$ -	\$ 235,774	\$ -	\$ -	\$ -	\$ -	\$ 536,308	\$ 772,082
742,707	-	455,672	37,463	-	-	14,863	1,278,724
-	-	-	-	-	-	-	23,762
325	-	-	1,404	-	-	-	19,651
<u>743,032</u>	<u>235,774</u>	<u>455,672</u>	<u>38,867</u>	<u>-</u>	<u>-</u>	<u>551,171</u>	<u>2,094,219</u>
3,487	-	-	171,458	-	-	-	174,945
-	235,774	-	-	-	-	-	239,792
-	-	-	-	-	-	-	26,916
-	-	-	-	-	-	556,001	598,451
-	-	-	673,540	494,867	403	-	1,168,810
<u>3,487</u>	<u>235,774</u>	<u>-</u>	<u>844,998</u>	<u>494,867</u>	<u>403</u>	<u>556,001</u>	<u>2,208,914</u>
<u>739,545</u>	<u>-</u>	<u>455,672</u>	<u>(806,131)</u>	<u>(494,867)</u>	<u>(403)</u>	<u>(4,830)</u>	<u>(114,695)</u>
-	-	-	-	544,867	-	-	544,867
-	-	-	-	1,200,000	-	-	1,200,000
-	-	-	-	1,744,867	-	-	1,744,867
739,545	-	455,672	(806,131)	1,250,000	(403)	(4,830)	1,630,172
<u>70,884</u>	<u>-</u>	<u>534,769</u>	<u>1,489,717</u>	<u>500,000</u>	<u>381,190</u>	<u>8,818</u>	<u>4,427,881</u>
<u>\$ 810,429</u>	<u>\$ -</u>	<u>\$ 990,441</u>	<u>\$ 683,586</u>	<u>\$ 1,750,000</u>	<u>\$ 380,787</u>	<u>\$ 3,988</u>	<u>\$ 6,058,053</u>

DUBUQUE COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

Schedule 3

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
COUNTY AUDITOR				
Assets:				
Cash and pooled investments	\$ 6,086	\$ 84	\$ -	\$ 6,170
Liabilities:				
Trusts payable	\$ 6,086	\$ 84	\$ -	\$ 6,170
COUNTY RECORDER				
Assets:				
Cash and pooled investments	\$ 75,030	\$ 1,577,909	\$ 1,578,954	\$ 73,985
Accounts receivable	3,297	2,280	3,297	2,280
Total assets	<u>\$ 78,327</u>	<u>\$ 1,580,189</u>	<u>\$ 1,582,251</u>	<u>\$ 76,265</u>
Liabilities:				
Due to other funds	\$ -	\$ 840,555	\$ 840,555	\$ -
Due to other governments	78,327	739,634	741,696	76,265
Total liabilities	<u>\$ 78,327</u>	<u>\$ 1,580,189</u>	<u>\$ 1,582,251</u>	<u>\$ 76,265</u>
COUNTY RECORDER'S ELECTRONIC TRANSACTION FEE				
Assets:				
Cash and pooled investments	\$ 1,944	\$ 25,518	\$ 25,632	\$ 1,830
Due from other governments	1,792	2,578	1,792	2,578
Total assets	<u>\$ 3,736</u>	<u>\$ 28,096</u>	<u>\$ 27,424</u>	<u>\$ 4,408</u>
Liabilities:				
Due to other governments	<u>\$ 3,736</u>	<u>\$ 28,096</u>	<u>\$ 27,424</u>	<u>\$ 4,408</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
COUNTY SHERIFF				
Assets:				
Cash and pooled investments	\$ 83,132	\$ 2,126,988	\$ 2,112,293	\$ 97,827
Liabilities:				
Due to other governments	\$ 72,917	\$ 2,100,818	\$ 2,091,130	\$ 82,605
Trusts payable	<u>10,215</u>	<u>26,170</u>	<u>21,163</u>	<u>15,222</u>
Total liabilities	<u>\$ 83,132</u>	<u>\$ 2,126,988</u>	<u>\$ 2,112,293</u>	<u>\$ 97,827</u>
E911 FUND				
Assets:				
Cash and pooled investments	\$ 411,296	\$ 1,532,210	\$ 1,581,545	\$ 361,961
Accounts receivable	84,922	-	84,922	-
Due from other governments	<u>15,443</u>	<u>-</u>	<u>15,443</u>	<u>-</u>
Total assets	<u>\$ 511,661</u>	<u>\$ 1,532,210</u>	<u>\$ 1,681,910</u>	<u>\$ 361,961</u>
Liabilities:				
Accounts payable	\$ 29,585	\$ -	\$ 29,585	\$ -
Due to other governments	<u>482,076</u>	<u>1,532,210</u>	<u>1,652,325</u>	<u>361,961</u>
Total liabilities	<u>\$ 511,661</u>	<u>\$ 1,532,210</u>	<u>\$ 1,681,910</u>	<u>\$ 361,961</u>
DRAINAGE DISTRICT FUND				
Assets:				
Cash and pooled investments	\$ 719	\$ 1	\$ -	\$ 720
Liabilities:				
Due to other governments	<u>\$ 719</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 720</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
AGRICULTURAL EXTENSION EDUCATION FUND				
Assets:				
Cash and pooled investments	\$ 1,949	\$ 310,296	\$ 310,201	\$ 2,044
Property tax receivable:				
Delinquent	544	670	544	670
Succeeding year	309,899	350,113	309,899	350,113
Total assets	<u>\$ 312,392</u>	<u>\$ 661,079</u>	<u>\$ 620,644</u>	<u>\$ 352,827</u>
Liabilities:				
Due to other governments	<u>\$ 312,392</u>	<u>\$ 661,079</u>	<u>\$ 620,644</u>	<u>\$ 352,827</u>
 COUNTY ASSESSOR FUND				
Assets:				
Cash and pooled investments	\$ 309,556	\$ 1,464,509	\$ 1,380,779	\$ 393,286
Property tax receivable:				
Delinquent	1,590	2,340	1,590	2,340
Succeeding year	752,854	719,266	752,854	719,266
Total assets	<u>\$ 1,064,000</u>	<u>\$ 2,186,115</u>	<u>\$ 2,135,223</u>	<u>\$ 1,114,892</u>
Liabilities:				
Accounts payable	\$ 2,957	\$ -	\$ 2,957	\$ -
Salaries and benefits payable	19,893	-	19,893	-
Due to other governments	1,041,150	2,186,115	2,112,373	1,114,892
Total liabilities	<u>\$ 1,064,000</u>	<u>\$ 2,186,115</u>	<u>\$ 2,135,223</u>	<u>\$ 1,114,892</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
CITY ASSESSOR FUND				
Assets:				
Cash and pooled investments	\$ 480,989	\$ 1,758,630	\$ 1,947,443	\$ 292,176
Property tax receivable:				
Delinquent	870	1,076	870	1,076
Succeeding year	<u>764,400</u>	<u>847,278</u>	<u>764,400</u>	<u>847,278</u>
Total assets	<u>\$ 1,246,259</u>	<u>\$ 2,606,984</u>	<u>\$ 2,712,713</u>	<u>\$ 1,140,530</u>
Liabilities:				
Salaries and benefits payable	\$ 29,683	\$ -	\$ 29,683	\$ -
Due to other governments	<u>1,216,576</u>	<u>2,606,984</u>	<u>2,683,030</u>	<u>1,140,530</u>
Total liabilities	<u>\$ 1,246,259</u>	<u>\$ 2,606,984</u>	<u>\$ 2,712,713</u>	<u>\$ 1,140,530</u>
SCHOOLS FUND				
Assets:				
Cash and pooled investments	\$ 416,628	\$ 56,893,924	\$ 56,933,191	\$ 377,361
Property tax receivable:				
Delinquent	113,280	119,831	113,280	119,831
Succeeding year	<u>52,198,027</u>	<u>46,836,696</u>	<u>52,198,027</u>	<u>46,836,696</u>
Total assets	<u>\$ 52,727,935</u>	<u>\$ 103,850,451</u>	<u>\$ 109,244,498</u>	<u>\$ 47,333,888</u>
Liabilities:				
Due to other governments	<u>\$ 52,727,935</u>	<u>\$ 103,850,451</u>	<u>\$ 109,244,498</u>	<u>\$ 47,333,888</u>

(continued)

DUBUQUE COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

Schedule 3
(continued)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
AREA SCHOOLS FUND				
Assets:				
Cash and pooled investments	\$ 28,204	\$ 3,893,123	\$ 3,894,839	\$ 26,488
Property tax receivable:				
Delinquent	7,733	8,085	7,733	8,085
Succeeding year	1,591,764	2,152,508	1,591,764	2,152,508
Total assets	<u>\$ 1,627,701</u>	<u>\$ 6,053,716</u>	<u>\$ 5,494,336</u>	<u>\$ 2,187,081</u>
Liabilities:				
Due to other governments	<u>\$ 1,627,701</u>	<u>\$ 6,053,716</u>	<u>\$ 5,494,336</u>	<u>\$ 2,187,081</u>
CORPORATIONS FUND				
Assets:				
Cash and pooled investments	\$ 285,472	\$ 41,444,237	\$ 41,345,488	\$ 384,221
Receivables:				
Property tax:				
Delinquent	39,820	46,977	39,820	46,977
Succeeding year	27,035,457	28,662,450	27,035,457	28,662,450
Special assessments	67,209	82,623	67,209	82,623
Total assets	<u>\$ 27,427,958</u>	<u>\$ 70,236,287</u>	<u>\$ 68,487,974</u>	<u>\$ 29,176,271</u>
Liabilities:				
Due to other governments	<u>\$ 27,427,958</u>	<u>\$ 70,236,287</u>	<u>\$ 68,487,974</u>	<u>\$ 29,176,271</u>
TOWNSHIPS FUND				
Assets:				
Cash and pooled investments	\$ 4,272	\$ 619,901	\$ 619,631	\$ 4,542
Property tax receivable:				
Delinquent	1,893	2,113	1,893	2,113
Succeeding year	617,954	637,527	617,954	637,527
Total assets	<u>\$ 624,119</u>	<u>\$ 1,259,541</u>	<u>\$ 1,239,478</u>	<u>\$ 644,182</u>
Liabilities:				
Due to other governments	<u>\$ 624,119</u>	<u>\$ 1,259,541</u>	<u>\$ 1,239,478</u>	<u>\$ 644,182</u>

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
AUTO LICENSE AND USE TAX FUND				
Assets:				
Cash and pooled investments	\$ 2,840,492	\$ 50,460,192	\$ 50,369,341	\$ 2,931,343
Liabilities:				
Due to other governments	\$ 2,840,492	\$ 50,460,192	\$ 50,369,341	\$ 2,931,343
BRUCELLOSIS AND TUBERCULOSIS ERADICATION FUND				
Assets:				
Cash and pooled investments	\$ 83	\$ 19,120	\$ 19,120	\$ 83
Property tax receivable:				
Delinquent	23	27	23	27
Succeeding year	12,511	12,922	12,511	12,922
Total assets	\$ 12,617	\$ 32,069	\$ 31,654	\$ 13,032
Liabilities:				
Due to other governments	\$ 12,617	\$ 32,069	\$ 31,654	\$ 13,032
JOINT DISASTER SERVICES FUND				
Assets:				
Cash and pooled investments	\$ 70,456	\$ 434,771	\$ 390,219	\$ 115,008
Due from other governments	39,000	-	39,000	-
Total assets	\$ 109,456	\$ 434,771	\$ 429,219	\$ 115,008
Liabilities:				
Accounts payable	\$ 678	\$ -	\$ 678	\$ -
Salaries and benefits payable	4,299	-	4,299	-
Due to other governments	104,479	434,771	424,242	115,008
Total liabilities	\$ 109,456	\$ 434,771	\$ 429,219	\$ 115,008

(continued)

DUBUQUE COUNTY **Schedule 3**
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **(continued)**
AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
COUNTY HOSPITAL FUND				
Assets:				
Cash and pooled investments	\$ 82,999	\$ 1,027,896	\$ 1,023,435	\$ 87,460
Property tax receivable:				
Delinquent	1,871	2,209	1,871	2,209
Succeeding year	<u>1,022,167</u>	<u>1,056,290</u>	<u>1,022,167</u>	<u>1,056,290</u>
Total assets	<u>\$ 1,107,037</u>	<u>\$ 2,086,395</u>	<u>\$ 2,047,473</u>	<u>\$ 1,145,959</u>
Liabilities:				
Due to other governments	\$ 1,030,750	\$ 2,005,679	\$ 1,971,186	\$ 1,065,243
Trusts payable	<u>76,287</u>	<u>80,716</u>	<u>76,287</u>	<u>80,716</u>
Total liabilities	<u>\$ 1,107,037</u>	<u>\$ 2,086,395</u>	<u>\$ 2,047,473</u>	<u>\$ 1,145,959</u>
TAX SALES				
Assets:				
Cash and pooled investments	<u>\$ -</u>	<u>\$ 1,595,490</u>	<u>\$ 1,595,490</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	<u>\$ -</u>	<u>\$ 1,595,490</u>	<u>\$ 1,595,490</u>	<u>\$ -</u>
CANINE				
Assets:				
Cash and pooled investments	<u>\$ 4,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,578</u>
Liabilities:				
Due to other governments	<u>\$ 4,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,578</u>

(continued)

DUBUQUE COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2013

Schedule 3
(continued)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
COMMISSARY				
Assets:				
Cash and pooled investments	\$ 38,488	\$ 67,697	\$ 96,053	\$ 10,132
Liabilities:				
Due to other governments	\$ 38,488	\$ 67,697	\$ 96,053	\$ 10,132
TOTAL COMBINED FUNDS				
Assets:				
Cash and pooled investments	\$ 5,142,373	\$ 165,252,496	\$ 165,223,654	\$ 5,171,215
Receivables:				
Property tax:				
Delinquent	167,624	183,328	167,624	183,328
Succeeding year	84,305,033	81,275,050	84,305,033	81,275,050
Special assessments	67,209	82,623	67,209	82,623
Accounts	88,219	2,280	88,219	2,280
Due from other governments	56,235	2,578	56,235	2,578
Total assets	<u>\$ 89,826,693</u>	<u>\$ 246,798,355</u>	<u>\$ 249,907,974</u>	<u>\$ 86,717,074</u>
Liabilities:				
Accounts payable	\$ 33,220	\$ -	\$ 33,220	\$ -
Salaries and benefits payable	53,875	-	53,875	-
Due to other funds	-	840,555	840,555	-
Due to other governments	89,647,010	245,850,830	248,882,874	86,614,966
Trusts payable	92,588	106,970	97,450	102,108
Total liabilities	<u>\$ 89,826,693</u>	<u>\$ 246,798,355</u>	<u>\$ 249,907,974</u>	<u>\$ 86,717,074</u>

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

	<u>2013</u>	<u>2012</u>	<u>Modified 2011</u>
Revenues:			
Property and other County tax	\$ 32,084,939	\$30,913,768	\$29,574,036
Interest and penalty on property tax	237,340	224,476	240,058
Intergovernmental	21,535,541	23,358,148	20,318,005
Licenses and permits	110,487	108,715	83,304
Charges for service	3,996,431	4,004,656	3,912,029
Use of money and property	141,018	168,113	307,016
Miscellaneous	<u>433,537</u>	<u>1,024,946</u>	<u>560,346</u>
 Total	 <u>\$ 58,539,293</u>	 <u>\$59,802,822</u>	 <u>\$54,994,794</u>
Expenditures:			
Operating:			
Public safety and legal services	\$ 13,292,399	\$13,249,658	\$13,136,717
Physical health and social services	12,917,259	13,472,096	12,993,063
Mental health	3,372,732	9,989,686	8,552,515
County environment and education	5,122,570	4,093,931	3,269,688
Roads and transportation	6,895,875	6,215,014	6,741,818
Governmental services to residents	1,330,179	1,345,280	1,339,640
Administration	6,525,488	6,979,699	5,257,900
Non-program	586,739	116,734	310,965
Debt service	598,451	559,373	543,399
Capital projects	<u>4,974,231</u>	<u>2,229,233</u>	<u>335,339</u>
 Total	 <u>\$ 55,615,923</u>	 <u>\$58,250,704</u>	 <u>\$52,481,044</u>

 Accrual Basis

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$28,562,060	\$27,240,375	\$25,406,202	\$24,190,478	\$23,020,154	\$21,831,098	\$20,266,271
261,911	204,352	177,902	192,133	80,611	156,422	150,455
20,845,449	19,812,556	19,187,628	16,933,453	16,539,239	15,709,496	15,688,918
75,470	178,046	60,989	81,279	95,459	75,408	75,352
3,792,025	3,922,171	3,169,249	3,523,109	3,356,019	3,709,352	3,091,200
467,130	633,308	1,129,355	1,192,835	1,022,662	645,616	425,907
<u>393,937</u>	<u>409,897</u>	<u>328,877</u>	<u>315,320</u>	<u>288,477</u>	<u>320,706</u>	<u>295,860</u>
<u>\$54,397,982</u>	<u>\$52,400,705</u>	<u>\$49,460,202</u>	<u>\$46,428,607</u>	<u>\$44,402,621</u>	<u>\$42,448,098</u>	<u>\$39,993,963</u>
\$12,079,638	\$11,965,162	\$11,360,666	\$10,788,429	\$ 9,656,409	\$ 9,109,419	\$ 9,059,895
12,779,713	12,154,247	11,551,452	11,475,539	11,501,263	11,055,587	6,294,233
7,925,094	8,467,938	8,996,144	8,740,684	7,695,818	8,132,532	12,127,062
3,654,391	3,075,000	2,762,417	2,807,662	2,183,929	2,080,390	2,201,639
6,298,896	6,583,797	6,675,885	5,063,529	5,965,514	5,331,620	5,978,774
1,370,059	1,519,862	1,375,544	1,353,856	1,206,131	1,379,327	1,190,902
4,081,313	4,559,159	2,828,811	2,635,300	2,662,217	2,546,948	2,631,399
183,530	20,496	172,268	100,032	14,038	11,315	65,714
542,900	541,050	543,300	539,001	539,850	534,650	535,574
<u>5,337,010</u>	<u>3,394,096</u>	<u>1,916,989</u>	<u>4,223,880</u>	<u>4,883,263</u>	<u>1,599,550</u>	<u>7,326,820</u>
<u>\$54,252,544</u>	<u>\$52,280,807</u>	<u>\$48,183,476</u>	<u>\$47,727,912</u>	<u>\$46,308,432</u>	<u>\$41,781,338</u>	<u>\$47,412,012</u>



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

June 30, 2013

Dubuque County



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

To the Officials of Dubuque County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dubuque County, Iowa, as of and for the year ended June 30, 2013, 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 11, 2014.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2013-A and 2013-B to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2013-C, 2013-D, and 2013-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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters 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, 2013, 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 11, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

To the Officials of Dubuque County:

Report on Compliance for Each Major Federal Program

We have audited Dubuque County, Iowa's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for 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 OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Dubuque County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of Dubuque County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, 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 purposes of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings as 2013-001 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Dubuque, Iowa
March 11, 2014

Dubuque County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Pass-Through Program From:			
Iowa Department of Human Services:			
State Administrative Matching			
Grants for the Supplemental			
Nutrition Assistance Program			
	10.561		\$ 47,034
U.S. Department of Housing and Urban Development:			
Pass-Through Program From:			
Iowa Economic Development Authority:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii			
	14.228	08-DRH-004	1,312,199
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii			
	14.228	08-DRH-204	1,048,047
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii			
	14.228	08-DRPG-218	29,253
Total U.S. Department of Housing and Urban Development			<u>2,389,499</u>
U.S. Department of Justice:			
Pass-Through Program From:			
Iowa Department of Justice:			
Violence Against Women Formula Grants			
	16.588	VW-13-31	58,794
Violence Against Women Formula Grants			
	16.588	VW-13-32	1,273
			<u>60,067</u>

Dubuque County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice: (continued)			
Pass-Through Program From: (continued)			
Governor's Office of Drug Control Policy:			
Public Safety Partnership and Community Policing Grants	16.710	10-HotSpots	\$ 3,674
Edward Byrne Memorial Justice Assistance Grant Program	16.738	10JAG-41940	85,358
Direct Program:			
Equitable Sharing Program	16.922		758,531
Equitable Sharing Program	16.922		4,320
			<u>762,851</u>
Total U.S. Department of Justice			<u>911,950</u>
U.S. Department of Transportation:			
Pass-Through Program From:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	EDP-CO31(50)--7Y-31	1,395,595
Governor's Traffic Safety Bureau:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 13-410, Task 16	16,052
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	PAP 12-410, Task 26	8,977
			<u>25,029</u>
Iowa Homeland Security and Emergency Management Department:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		3,819
Total U.S. Department of Transportation			<u>1,424,443</u>

Dubuque County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-Through Program From:			
Black Hawk County, Iowa:			
Public Health Emergency Preparedness	93.069	5883BT31	\$ 62,336
Genesis Health System:			
Public Health Emergency Preparedness	93.069	5882BT31	<u>6,318</u>
			<u>68,654</u>
Iowa Department of Public Health:			
Environmental Public Health and Emergency Response	93.070	5883LP03	<u>4,127</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5883NB11	<u>45,228</u>
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	5882HP06	46,716
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	5883HP06	<u>40,346</u>
			<u>87,062</u>
Iowa Department of Human Services:			
Child Support Enforcement	93.563	BOC 13-003	<u>148,401</u>
Refugee and Entrant Assistance - State Administered Programs	93.566		<u>218</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>10,857</u>
Foster Care - Title IV-E	93.658		<u>16,349</u>
Adoption Assistance	93.659		<u>4,560</u>
Social Services Block Grant	93.667		<u>14,201</u>
Children's Health Insurance Program	93.767		<u>180</u>
Medical Assistance Program	93.778		<u>46,891</u>

Dubuque County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services: (continued)			
Pass-Through Program From: (continued)			
Iowa Department of Public Health:			
HIV Prevention Activities - Health Department Based	93.940	5883AP07	\$ 5,679
HIV Prevention Activities - Health Department Based	93.940	5882AP07	5,494
			<u>11,173</u>
Total U.S. Department of Health and Human Services			<u>457,901</u>
U.S. Department of Homeland Security:			
Pass-Through Program From:			
Iowa Homeland Security and Emergency Management Department:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1763-DR-IA	323,269
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4018-DR-IA	599,754
			<u>923,023</u>
Hazard Mitigation Grant	97.039	DR-1930-31-01	633,432
Hazard Mitigation Grant	97.039	DR-1880-35-01	35,295
			<u>668,727</u>
Total U.S. Department of Homeland Security			<u>1,591,750</u>
Total			<u>\$ 6,822,577</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dubuque County, Iowa, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The County received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

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

Note 2 – Subrecipients

Of the federal expenditures presented in the schedule, Dubuque County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 2,360,246

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 OMB Circular A-133 §.510(a):	Yes

Identification of major program:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228
Equitable Sharing Program	16.922
Highway Planning and Construction	20.205
Hazard Mitigation Grant	97.039
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESSES

2013-A Material Audit Adjustments

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

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

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

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

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

Response – Due to the conversion of the County’s financial system, further training did not occur. An attempt will be made to find appropriate training and to better track grant revenues.

2013-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.

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.

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

Response – Due to the conversion of the County’s financial system, additional training did not occur. The County will pursue additional training for staff to allow financial statements to be prepared accurately and in a timely manner.

SIGNIFICANT DEFICIENCIES

2013-C County Recorder Segregation of Duties

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

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

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

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

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

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

2013-D County Sheriff Segregation of Duties

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

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

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

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

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

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

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

2013-E Capital Asset Audit Adjustments

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

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

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

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

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

Response – The County will work more directly with departments to ensure proper notification of capital assets and correct classifications.

Part III: Findings Related to Federal Programs:

SIGNIFICANT DEFICIENCY:

2013-001 Cash Management

U.S. Department of Housing and Urban Development

Passed-through Iowa Economic Development Authority

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

U.S. Department of Homeland Security

Passed-through Iowa Homeland Security and Emergency Management Department

CFDA #97.039 Hazard Mitigation Grant

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

Condition – The County held grant funds in excess of eight months on two occasions and greater than two months on one occasion.

Part III: Findings Related to Federal Programs: (continued)

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

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

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

Response – Better tracking has been put in place and the County will work to follow the requirements.

Part IV: Other Findings Related to Required Statutory Reporting:

2013-IA-A Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amount budgeted in the debt service function. Disbursements in certain departments exceeded the amounts appropriated.

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.

Response – Those responsible for budgetary departments are appraised of the necessity to not spend above their appropriated amount. The County budget director will provide assistance to those with budgetary responsibility to monitor their appropriations. We will amend the budget when required.

2013-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.

2013-IA-C Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

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

2013-IA-D Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mary Lammers, secondary roads employee, spouse owns White Front Feed and Seed	Supplies	\$ 2,111
Sue Breitbach, information services employee, spouse owns Breitbach Feeds	Supplies	\$ 94

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

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

Response – White Front Feed and Seed has at times provided the County with seed for vegetation in road side ditches. Road side seed is purchased from three locations, two in Dubuque (Hendricks Feed and Seed Co. and White Front Feed and Seed) and one in Cascade (White Front Feed and Seed). Seed is purchased on an as needed basis.

2013-IA-E Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be periodically reviewed to ensure that the coverage is adequate for current operations.

2013-IA-F Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

2013-IA-G Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

2013-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).

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

2013-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, 2013, for the County Extension Office did not exceed the amount budgeted.

2013-IA-J Urban Renewal Annual Report – The urban renewal annual report was properly approved and certify to the Iowa Department of Management on or before December 1.

There were no prior year federal findings.