

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended 2015



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**Comprehensive Annual Financial Report  
June 30, 2015  
City of Dubuque, Iowa**

Prepared by:  
Department of Finance

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**Introductory Section**  
**June 30, 2015**  
**City of Dubuque, Iowa**

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February 22, 2016

Honorable Mayor, City Council Members,  
and Citizens of the City of Dubuque

The Comprehensive Annual Financial Report (CAFR) of the City of Dubuque, Iowa, for the fiscal year ended June 30, 2015, is hereby submitted as required by various state and federal regulations. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial operations have been included.

State code requires an annual audit by independent certified public accountants or the State Auditor. The accounting firm of Eide Bailly LLP conducted the audit for fiscal year 2015. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and grants, are included in the Compliance Section of this report. The independent auditors' report is included in the Financial Section of this report.

This report includes all funds of the City of Dubuque, as well as its component units. Component units are legally separate entities for which the City of Dubuque is financially accountable. The City provides a full range of services including police and fire protection, sanitation services, the construction and maintenance of roads, streets, and infrastructure, inspection and licensing functions, maintenance of grounds and buildings, municipal airport, library, recreational activities and cultural events. In addition to general government activities, the municipality owns and operates enterprises for a water system, water resource and recovery center, storm water system, parking facilities, refuse collection, and public transportation.

This report includes the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), Dubuque Initiatives and Subsidiaries, and the Dubuque Convention and Visitors Bureau (CVB) as discretely presented component units. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City of Dubuque and to differentiate its financial position and results of operations from those of the City. The City of Dubuque appoints a voting majority to the DMASWA governing board, who contracts with the city to operate the landfill. Dubuque Initiatives is organized to render service to the City of Dubuque, Iowa on matters of community interest, and in the event of dissolution, any assets or property of the organization are transferred to the City. In 2009, the City of Dubuque guaranteed debt issued by Dubuque Initiatives and Subsidiaries. In fiscal year 2014 The Dubuque CVB, formerly part of the Dubuque Area Chamber of Commerce, was established as a separate non-profit corporation. Dubuque CVB's purpose is to strengthen

the Dubuque area economy by competitively marketing the area as a destination for conventions, tour groups, sporting events and individual travelers. The Organization's nine member board includes one City Council member, the City of Dubuque Mayor and the City Manager. In the event of dissolution, any assets or property of the organization shall be transferred to the City. The City collects hotel/motel taxes and forwards 50% to the CVB as the primary source of funds for its operations.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Dubuque's MD&A can be found immediately following the independent auditor's report.

## **PROFILE OF THE CITY**

The City of Dubuque is located on the Mississippi River in northeast Iowa, adjacent to the states of Illinois and Wisconsin. Julien Dubuque began mining lead in the area now known as Dubuque in 1788. Dubuque is the oldest city in Iowa and has a unique combination of the old and new, ranging from cable cars, Victorian architecture, and a Civil War era shot tower, to an enclosed shopping mall, two casinos, one with a pari-mutuel dog track and the Smithsonian-affiliated National Mississippi River Museum and Aquarium. The Dubuque Museum of Art announced January 2016, that it is now affiliated with the Smithsonian. The City of Dubuque currently has a land area of 31.8 square miles, and a census 2010 population of 57,637. As the largest city in the tri-state area, Dubuque serves as the hub of a trade area with a population estimated at 250,000.

Dubuque has a stable and diversified economic base and is the major tri-state retail center. As of November 2015, the City and County unemployment rate was 3% below the 3.4% state and 5% national unemployment rates.

The City of Dubuque is empowered to levy a property tax on real property located within the City limits. The City has operated under a Council-Manager form of government since 1920. Policymaking and legislative authorities are vested in the governing council, which consists of a mayor and a six-member council. The Mayor is elected to a four-year term. The Council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with three council members elected every two years. Four of the council members are elected within their respective wards; the mayor and the two remaining council members are elected at large. The governing Council is responsible for, among other things, setting policy, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for overseeing the day-to-day operations of the government, making recommendations to the City Council on the budget and other matters, appointing the heads of the government's departments, and hiring employees.

## **ECONOMIC CONDITION**

Dubuque has a diverse employer base including manufacturing, software, health services, insurance, education and government. The top 10 employers in the area employ less than 20% of the total workforce. This insulates the City from the negative impact on a downturn in any one area of the economy.

Several trade and business publications have recognized the City's efforts to diversify its economy. *Area Development* magazine named Dubuque one of the "Top 100 Leading Locations" for 2014, ranking it 21st in the U.S. Also in 2014, *Site Selection* magazine named Dubuque the "Top Metro in the U.S." among metros with populations of 50,000-200,000 for number of economic development projects. In August 2014, SmartAsset.com named Dubuque one of the "10 Best American Cities to Work in Technology." This

ranking was based on pay for tech workers, percentage of tech workers in the workforce (representing high levels of opportunity in the field), and low cost of living indices. The Milken Institute named Dubuque 2013's 10th Best-Performing Small Metro in December 2013, saying Dubuque's secrets to its success are five-year high-tech GDP growth and improvements in one- and five-year job and wage growth. In August 2013, Dubuque was ranked 14th in the nation in Forbes' annual "Best Small Places for Business and Careers." According to Iowa Workforce Development, 8% of Iowa's non-farm employment growth from 2009-2013 occurred in Dubuque County, which has just 3% of the state's population. The City's continual development in its industrial parks has not only attracted new industries but, just as importantly, retained existing businesses.

#### Dubuque Industrial Center West (DICW)

Over 550 saleable acres were acquired in 1997. Since then, 21 local business expansions and 4 new industries inhabit the park. In 2014, Theisen's distribution center completed an 80,000 square foot expansion and the TriState Quality Metals 44,000 square foot plant is under construction.

#### Dubuque Industrial Center South (DICS)

Ribbon cutting for the new industrial park occurred November 2013. The park contains 76.16 available acres. TriState Quality Metals relocated from its 10,000 square foot operation in Peosta, IA, to construct a 44,000 square foot facility in the DICS. TriState is the first company to locate in the park. Employment has increased from 13 to 40 jobs since the relocation. Roasting Solutions, LLC (dba Verena Street Coffee) has purchased 12.03 acres and construct a new 34,000 square foot facility. Total investment in land, plant and equipment is \$7 million, and will add 10 new jobs. Verena Street Coffee supplies over 700 grocery stores and wholesalers in the Iowa, Illinois, Minnesota, and Wisconsin area. The company began operations in 2010.

#### The Dubuque Technology Park

Located on the south side of the City is a 100-acre park designed to accommodate growing office businesses. Eight businesses are currently located in the park. In 2015, Rockfarm Holdings completed construction of their new headquarters office building consisting of 14,000 square feet. Kunkel and Associates' expansion is adding an extra 20,000 square feet to its current Dubuque facilities and 16 new jobs.

Over \$100 million has been spent in the downtown area, where more than 9,000 people work. IBM employs 625 workers on five renovated floors of the nine-story Roshek Building and Heartland Financial relocated existing staff to the third floor of the building. RSM US LLP has announced that it will relocate 60 employees into this building during 2016.

The Schmid Innovation Center, a \$28 million private renovation project in the Millwork District, received two awards of \$3 million and \$5.9 million in CDBG funds to develop workforce housing. The 72-unit residential project was completed in September 2012. Nonprofits moved into the basement space, while several commercial tenants occupy the first floor. A food co-op, located on the first floor, opened in the spring of 2014. The first floor is nearing 100% occupancy. Renovation of 76 residential units in the Novelty Iron Works has been completed. The Linseed Oil Building renovation, completed in 2015, includes 16 apartments.

Commercial development continues after the October 2014 opening of a new 114,000 square foot Blain's Farm & Fleet retail store. Spahn and Rose Lumber completed construction of a new warehouse and showroom that together total 93,000 square feet. New retail stores that have opened include Kwik Star, Kwik Stop/Fazoli's, McGrath Automotive Group, Cato Fashions, and Men's Warehouse. New restaurants currently under review include Chick-fil-a, Popeye's, and Chipotle Grill.

UnityPoint Health Finley Hospital is completing a \$42 million three-story 70,000 square foot addition that will house the Finley Heart and Vascular Center, and new emergency and surgery departments. The new facility is being built on the west side of the current hospital structure facing Grandview Avenue. The expected date opening is early 2016.

The University of Dubuque completed construction of a new intramural/practice facility and its new four-story Chlapaty Residence Hall opened in the fall of 2014. Loras College completed Phase II of the \$4 million Loras Parkway which includes their new Welcome Center featuring Einstein Bros.® Bagels at the corner of Loras Boulevard. The \$825,000, approximately 4,000 square-foot facility provides a space where Dubuque community members can converge, while enjoying food and friendship. The Loras Parkway project began in 2010 when Loras College purchased a section of Cox Street from the City of Dubuque. Since then, Loras Parkway has transformed into a pedestrian walkway and common area where students, faculty and the Dubuque community can centralize. Once the entire project is completed, Loras Parkway will bridge upper and lower campus by providing a scenic welcome plaza, retail building, water feature, and a Veteran's memorial commemorating Loras College veterans.

The City's recent awards and recognition from a variety of sources include:

- Dubuque just became the third Iowa community and the 25th in the nation to achieve certification under the national STAR Community Rating System, a sustainability rating system which evaluates communities based on a range of different aspects: built environment; climate and energy; economy and jobs; education, arts and community; health and safety; and natural systems. (May 2015)
- The Dubuque metropolitan area was named 13th "**Best-Performing**" Small Metro for 2014 by Milken Institute for job creation, sustaining jobs, and economic growth.
- The White House named Dubuque one of 16 **Climate Action Champions**, a diverse group of communities defining the frontier of ambitious climate action whose approaches can serve as a model for other communities. (December 2014)
- The Intelligent Community Forum named Dubuque as one of the world's Smart21 Communities of 2015. Dubuque was one of just five U.S. communities named to the list. (October 2014)
- The U.S. Environmental Protection Agency (EPA) awarded Dubuque its 2013 Smart Growth Achievement Award for Corridor or Neighborhood Revitalization for work done in Dubuque's Historic Millwork District and Washington Neighborhoods. (February 2014)
- Dubuque was ranked 14th in the nation in *Forbes*' annual "**Best Small Places**" (August 2013)
- *Forbes* placed Dubuque 50th of 179 small cities for the Cost of Doing Business (August 2013)
- *Kiplinger's Personal Finance* named Dubuque one of "**10 Great Places to Live**" for 2013. (July 2013)
- Dubuque was named a **2013 All-America City** by the National Civic League for a community initiative to improve grade-level reading. This is the third time Dubuque has received this recognition. (July 2013)
- The America's Promise Alliance named Dubuque one of its **100 Best Places for Young People** for 2012. Dubuque received this distinction in 2007, 2008, 2010, and 2011. (September 2012)

## MAJOR INITIATIVES

**For the Year.** The City of Dubuque staff, following the adopted priorities of the Mayor and City Council, has been involved in a variety of projects throughout the year. These projects reflect the City's commitment to continue to provide high quality services to the citizens of Dubuque within the budget guidelines set by the Mayor and City Council.

The Dubuque Regional Airport began construction in the Fall of 2012 of the new Airline Passenger Terminal Facility, while continuing the effort to meet current and forecasted passenger demand for Dubuque and the surrounding communities. All project elements are scheduled to be completed in 2016; though, ahead of schedule and currently under budget.

At the request of FAA, the various design phases associated with the development of the new Passenger Terminal Facility (site work and building-related) that were programmed throughout the project have been moving forward. It is expected that approximately 84 percent of the project costs will be funded by Airport Improvement Program grants issued through the Federal Aviation Administration. Other funds through the state and locally generated passenger facility charges continue to be utilized for this project.

The Dubuque Regional Airport received 24 consecutive years of perfect compliance with Federal Aviation Regulation (FAR) Part 139. FAR Part 139 governs safety standards for airfield operations and airfield maintenance at airports served by commercial airlines. The Dubuque airport meets or exceeds all federally mandated standards, rules, and policies which promote safety at all commercial airports. No other airport in the country has a perfect FAR Part 139 safety compliance for a consecutive 24-year period.

The City continues to implement components of the Drainage Basin Master Plan adopted in 2001 and amended in 2013. Improvements in the North Fork Catfish Creek Drainage Basin have been addressed with expanded detention along the Northwest Arterial and conveyance improvements along the North Fork Catfish Creek between the Northwest Arterial and Pennsylvania Avenue. And, the City continues to implement the various phases of the Bee Branch Watershed Flood Mitigation Project to address flooding in the Bee Branch Drainage Basin.

The Bee Branch Watershed Flood Mitigation Project is a \$219 million multi-phased investment to mitigate flooding, improve water quality, stimulate investment, and enhance quality of life within the Bee Branch Watershed. The City is receiving \$159 million in state and federal grants.

As part of the project, the City will convert all 240 alleys in the Bee Branch Watershed to “green alleys” which features permeable concrete pavers. These specially designed pavers allow water to pass through the surface and filter into the soil below. The green alleys are expected to reduce the amount of storm water run-off in the watershed by up to 80 percent and prevent flooding. In addition to reducing storm water run-off, the green alleys will replenish ground water and help prevent pollutants on roadways from running off into the storm sewer system, and ultimately, the Mississippi River. Twenty-two alleys were constructed in 2014. Approximately twenty-eight alleys will be completed in 2015 and the final twenty- three alleys completed in the spring of 2016.

The \$70 million renovation of the Water and Resource Recovery Center (W&RRC) was completed in 2013. The facility is currently operating at 65 percent capacity. It features methane production/capture and co-generation to produce electricity and create heat for the operation of the facilities. The W&RRC is expected to be electrically self-sufficient within a few years and will save \$250,000 in annual energy expenses. It now better serves local industries by accepting high-strength waste. The project is more environmentally friendly than the former waste incineration. The projects are funded by state revolving loan funds repaid with sanitary sewer user fees.

The City of Dubuque's Transit Division's \$12 million Intermodal Transportation Facility opened August 2015, provides a vital transportation connections required for the success of existing investments and will be instrumental in leveraging additional investments required to achieve the long-term goals for downtown Dubuque. The centralized transportation hub connects automobile, bus, and pedestrian traffic, while increasing demand for alternative transportation modes. The County and School District will benefit from the center, as it provides various transportation options for Millwork District and Washington

Neighborhood residents, as well as visitors and downtown employees, spurring economic development in the District. Part of the project will be funded with an \$8 million grant from the U.S. Federal Transit Administration. A \$4.2 million renovation of the former public works building will house the bus maintenance center. The projects are scheduled for completion in 2015.

Transit ridership is up 47% in the last five years. Route restructuring in January 2014, including crosstown express service, new service areas, and extended service hours, has led to continuing ridership growth for Dubuque's transit system.

In 2013, the City of Dubuque and the Dubuque Metropolitan Area Transportation Study (DMATS) successfully negotiated a Memorandum of Understanding with the Iowa Department of Transportation (Iowa DOT) for the transfer of the Southwest Arterial project. The Iowa DOT, DMATS, Dubuque County, and the City of Dubuque have budgeted approximately \$140 million to build the Southwest Arterial over the next five years. Following the completion of the Southwest Arterial in 2019, the project has the potential to generate \$80 million in property taxes, \$1.67 billion in economic output, \$653 million in labor income, and \$1.02 billion in value added from 2021 to 2030. The Southwest Arterial will also annually generate \$135 million in state and local taxes and \$130 million in federal tax from new economic development, as well as save \$30 million for the 10-year period. This project will also generate \$16 million in property tax, \$304 million in economic output, \$24 million in state and local taxes, and \$24 million in federal taxes due to economic development, in addition to \$3 million in safety savings from 2030 onwards. Side benefits include removing over 500 commercial vehicles a day from downtown streets and encouraging redevelopment on Central Avenue and White Street. Almost 1,000 trucks per day will be removed from US Highway 20/Dodge Street. Additional traffic will be removed from Kelly Lane, Fremont Avenue, Cedar Cross Road, Rockdale Road, and other residential streets.

**For the Future.** The Mayor and City Council will continue to take action to achieve their goals of maintaining a strong local economy, sustaining stable property tax levies, and enhancing the safety and security of citizens through neighborhood vitality. The City staff will work to implement the City Council's vision that Dubuque is a "Masterpiece on the Mississippi." A program of comprehensive service reviews has continued as a vehicle for analyzing City services, identifying opportunities for improvement, and determining areas of possible cost reductions. The goal of the service review program is to ensure that services desired by the citizens are provided in the most cost effective and efficient method possible. The City Council's goals for the next five years and beyond include the following:

- Planned and Managed Growth
- Partnering for a Better Dubuque
- Improved Connectivity: Transportation and Communications
- Economic Prosperity
- Social/Cultural Vibrancy
- Environmental/Ecological Integrity

## FINANCIAL INFORMATION

**Internal Controls.** City management is responsible for establishing and maintaining internal controls to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Single Audit.** As a recipient of federal and state financial assistance, the City of Dubuque's government is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws, regulations, contracts, and grants related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the City's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal programs, as well as to determine that the government has complied with applicable laws, regulations, contracts, and grants. The results of the government's single audit for the fiscal year ended June 30, 2015, provided one instance of material weaknesses in internal control over compliance, and material non compliance. Additional information is provided in the Schedule of Findings and Questioned Costs.

**Budgeting Controls.** In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. All funds, except for fiduciary fund types which include pension trust funds, private purpose trust funds and agency funds are included in the annual budget process. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by state programs. The government also maintains an encumbrance accounting system as one technique for accomplishing budgetary control. Encumbered amounts lapse at year-end; however, encumbrances generally are re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

**Cash Management.** Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, federal agency obligations, and authorized mutual funds. The City (including DMASWA) received cash basis investment earnings of \$643,872 for the year.

The investment policy adopted by the City Council stresses the importance of capital preservation. The policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio.

**Risk Management.** The City of Dubuque is a member of a statewide risk pool for local governments, the Iowa Communities Assurance Pool (ICAP). The coverage for general and auto liability, as well as public official and police professional liability are acquired through this pool. Worker's compensation coverage up to \$500,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims reflected a \$574,716 deficit as of June 30, 2015. A provision for a large number of claims were accrued at fiscal year-end with funds to cover payment available in next fiscal year. The City has also established a self-insurance plan for medical, prescription drug, and short-term disability. The accumulated reserve provision for such claims equaled \$1,557,924 as of June 30, 2015. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

**Bond Rating.** Moody's Investor Service assigned a Aa3 rating on the Series 2015A, which reflects the City's sizable tax base and role as a regional economic center in northeastern Iowa, a trend of strong employment growth which is projected to continue, recent declines in fund balance and cash reserves which are expected to stabilize at healthy levels going forward, high debt burden with additional borrowing planned, and moderate exposure to unfunded pension liabilities. The City's revenue bonds are rated Aa3.

Moody's provides credit ratings and research covering debt instruments and securities. The purpose of Moody's ratings is to provide investors with a simple system to gauge future relative creditworthiness of

securities. The firm uses nine rating classifications to designate least credit risk to greatest credit risk: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C. Moody's appends numerical modifiers 1, 2, and 3 to each rating classification.

## AWARDS AND ACKNOWLEDGEMENTS

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dubuque, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the 27th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

GFOA also awarded a Certificate of Recognition for Budget Preparation to the City of Dubuque, Iowa, for its annual budget for the fiscal year ended June 30, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. This was the 10th consecutive year that the City has achieved this prestigious award. This award is valid for a period of one year.

The City of Dubuque's investment policy was awarded the Certification of Excellence in July 2009 by the Association of Public Treasurers of the United States and Canada. The investment policy is reviewed every five years by the APT US&C. The City plans to resubmit the investment policy for review in 2016.

**Acknowledgments.** The preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We also thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City of Dubuque in a responsible and progressive manner. We also thank the independent certified public accountants, Eide Bailly LLP, whose competent assistance and technical expertise have enabled the production of this report.

Sincerely,

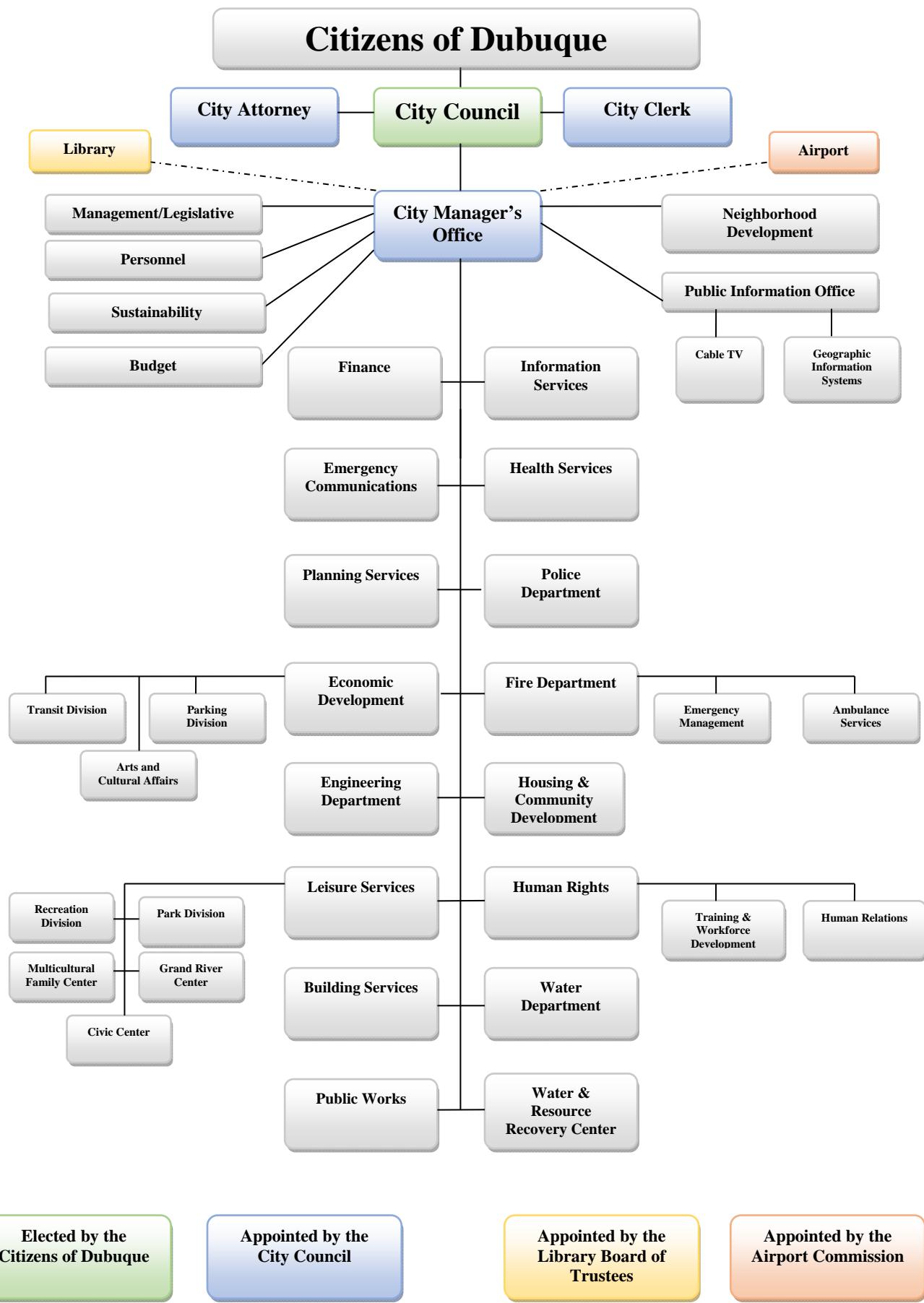


Michael C. Van Milligen  
City Manager



Jean M. Nachtman, CPA, CPFO  
Finance Director

# CITY OF DUBUQUE ORGANIZATIONAL CHART



Elected by the  
Citizens of Dubuque

Appointed by the  
City Council

Appointed by the  
Library Board of  
Trustees

Appointed by the  
Airport Commission

**CITY OF DUBUQUE, IOWA**  
**OFFICIALS**  
**JUNE 30, 2015**

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**CITY COUNCIL**

|                  |                           |
|------------------|---------------------------|
| Roy D. Buol      | Mayor                     |
| Ric W. Jones     | Council Member – At Large |
| David T. Resnick | Council Member – At Large |
| Kevin J. Lynch   | Council Member – 1st Ward |
| Karla A. Braig   | Council Member – 2nd Ward |
| Joyce E. Connors | Council Member – 3rd Ward |
| Lynn V. Sutton   | Council Member – 4th Ward |

**COUNCIL APPOINTED OFFICIALS**

|                         |                         |
|-------------------------|-------------------------|
| Michael C. Van Milligen | City Manager            |
| Barry A. Lindahl        | City Attorney           |
| Crenna M. Brumwell-Sahm | Assistant City Attorney |
| Maureen A. Quann        | Assistant City Attorney |
| Kevin S. Firnstahl      | City Clerk              |

**DEPARTMENT MANAGERS**

|                        |   |
|------------------------|---|
| Robert A. Grierson     | Airport Manager                           |
| Therese H. Goodmann    | Assistant City Manager                    |
| Cynthia M. Steinhauser | Assistant City Manager                    |
| Jenny M. Larson        | Budget Director                           |
| Richard R. Russell     | Building Services Manager                 |
| Gus N. Psihoyos        | City Engineer                             |
| Maurice S. Jones       | Economic Development Director             |
| Kenneth J. TeKippe     | Finance Director                          |
| Rick A. Steines        | Fire Chief                                |
| Mary Rose Corrigan     | Health Services Manager                   |
| Alvin L. Nash          | Housing and Community Development Manager |
| Kelly R. Larson        | Human Rights Director                     |
| Randall K. Peck        | Personnel Manager                         |
| Christine A. Kohlmann  | Information Services Manager              |
| Marie L. Ware          | Leisure Services Manager                  |
| Susan A. Henricks      | Library Director                          |
| Donald J. Vogt         | Public Works Director                     |
| Laura B. Carstens      | Planning Services Manager                 |
| Mark M. Dalsing        | Police Chief                              |
| Alexis M. Steger       | Senior Budget Analyst                     |
| Robert M. Green        | Water Department Manager                  |
| Jonathan R. Brown      | Water & Resource Recovery Center Manager  |



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Dubuque  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

A handwritten signature in black ink that reads "Jeffrey R. Emmer". The signature is fluid and cursive, with "Jeffrey" on the top line and "R. Emmer" on the bottom line.

Executive Director/CEO

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**Financial Section  
June 30, 2015  
City of Dubuque, Iowa**

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## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council  
City of Dubuque, Iowa

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the financial statements of Dubuque Initiatives and Subsidiaries, which represent 73 percent, 75 percent, and 48 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dubuque Initiatives and Subsidiaries, is based on the report of the other auditors. 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. The financial statements of Dubuque Initiatives and Subsidiaries and Dubuque Convention and Visitors Bureau, discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Notes 1 and 14 to the financial statements, the City of Dubuque, Iowa, has adopted provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dubuque, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section 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 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 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 introductory and statistical sections have 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 22, 2016, on our consideration of the City of Dubuque, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 City's internal control over financial reporting and compliance.



Dubuque, Iowa  
February 22, 2016

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**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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This section of the City of Dubuque's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements found in the next section of this report.

## **FINANCIAL HIGHLIGHTS**

- The net position of the City of Dubuque increased to \$472,356,199 compared to restated net position of \$458,998,148 for fiscal year 2014.
- Governmental program revenues decreased by \$3,281,887 from fiscal year 2014. The largest portion of the decrease is the lower grants reimbursement as the new terminal for the Dubuque Regional Airport nears completion.
- The City's business type activities program revenues increased \$8,793,211. Charges for services increased \$1,544,111. Water (5%), sewer (5%), stormwater (7%), and refuse (4%) rates were increased in fiscal year 2015. Grants reimbursements for construction of the new Intermodal facility accounted for the major portion of the increase.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This discussion and analysis is intended to serve as an introduction to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The paragraphs below provide a brief description of the government-wide financial statements.

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between assets plus deferred outflows, and liabilities plus deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes and earned but unused sick and vacation leave.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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The government-wide financial statements include not only the City itself (known as the primary government), but also three other legally separate entities (known as component units), the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), Dubuque Initiatives (DI) and Subsidiaries, and the Dubuque Convention and Visitors Bureau (CVB) for which the City of Dubuque is considered financially accountable. Financial information for DMASWA, DI, and CVB are reported separately from the financial information presented for the primary government. The Dubuque Metropolitan Area Solid Waste Agency, Dubuque Initiatives and Subsidiaries, and Dubuque Convention and Visitors Bureau issue separate financial statements. Dubuque Initiatives and Subsidiaries' financial statements are prepared on a calendar year basis while the Dubuque Metropolitan Area Solid Waste Agency's and Dubuque Convention and Visitors Bureau financial statements are prepared on the same fiscal year basis as the City of Dubuque.

The government-wide financial statements are divided into two categories:

***Governmental activities.*** This category consists of services provided by the City that are principally supported by taxes and intergovernmental revenues. Basic City services such as police, fire, public works, planning, parks, library, and general administration are governmental activities.

***Business-type activities.*** These activities are supported primarily by user fees. The services provided by the City in this category include water, sewer, storm water, refuse, salt, parking, transit and the America's River Project.

### **Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with legal requirements for financial transactions and reporting. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances are followed by a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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The City maintains three individual major 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, tax increment financing fund, and general construction fund, all of which are considered to be major funds. Data from all other governmental 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 City legally adopts an annual budget by function. A budgetary comparison schedule has been provided.

**Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprises funds to account for its sewer, water, storm water, and refuse utilities, transit service, parking facilities, salt, and America's River Project. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its engineering services, garage services, stores/printing, health insurance, and workers' compensation. The City's internal service funds predominately benefit the governmental activities and have been included in the governmental activities in the government-wide financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two fiduciary funds, an agency fund reporting resources held for the Dubuque Racing Association for improvements at the greyhound racing facility and an agency fund used for reporting resources from Mediacom for purchasing equipment relevant to public, educational, and governmental (PEG) access broadcasting.

**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.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budget and actual results of the City, the City's proportionate share of the net pension liability and related contributions for both of the City's pension plans, and the funding progress for the retiree benefit plan.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds, non major enterprise funds, and internal service funds, as well as an individual agency fund statement, are presented immediately following the required supplementary information.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position.** As noted earlier, net position may serve as a useful indicator of a government's financial position when observed over time. The analysis that follows focuses on the change in net position for the governmental and business-type activities.

The Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The beginning net position for governmental activities and business-type activities were restated \$38,036,256 and \$4,613,113, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

The largest part of the City's net position reflects its net investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that is still outstanding. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

**CITY OF DUBUQUE'S NET POSITION**

|                                  | Governmental Activities |                       | Business-type Activities |                       | Total                 |                       |
|----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                                  | 2015                    | 2014                  | 2015                     | 2014                  | 2015                  | 2014                  |
| Current and other assets         |                         |                       |                          |                       |                       |                       |
| Capital assets                   | \$ 93,298,918           | \$ 92,022,599         | \$ 56,877,806            | \$ 23,995,010         | \$ 150,176,724        | \$ 116,017,609        |
| Total assets                     | 392,392,426             | 389,254,518           | 271,529,923              | 254,101,852           | 663,922,349           | 643,356,370           |
|                                  | <u>485,691,344</u>      | <u>481,277,117</u>    | <u>328,407,729</u>       | <u>278,096,862</u>    | <u>814,099,073</u>    | <u>759,373,979</u>    |
| Deferred outflows of resources   | 7,605,182               | -                     | 768,132                  | -                     | 8,373,314             | -                     |
| Long-term liabilities            | 120,426,392             | 84,934,637            | 165,817,987              | 126,080,517           | 286,244,379           | 211,015,154           |
| Other liabilities                | 14,310,233              | 13,434,655            | 10,229,278               | 8,451,638             | 24,539,511            | 21,886,293            |
| Total liabilities                | 134,736,625             | 98,369,292            | 176,047,265              | 134,532,155           | 310,783,890           | 232,901,447           |
| Deferred inflows of resources    | 37,918,563              | 24,825,015            | 1,413,735                | -                     | 39,332,298            | 24,825,015            |
| Net position:                    |                         |                       |                          |                       |                       |                       |
| Net investment in capital assets | 348,173,267             | 354,732,451           | 148,487,126              | 138,842,390           | 496,660,393           | 493,574,841           |
| Restricted                       | 22,047,405              | 21,501,638            | 7,796,668                | 5,315,519             | 29,844,073            | 26,817,157            |
| Unrestricted                     | (49,579,334)            | (18,151,279)          | (4,568,933)              | (593,202)             | (54,148,267)          | (18,744,481)          |
| Total net position               | <u>\$ 320,641,338</u>   | <u>\$ 358,082,810</u> | <u>\$ 151,714,861</u>    | <u>\$ 143,564,707</u> | <u>\$ 472,356,199</u> | <u>\$ 501,647,517</u> |

Net position of the governmental activities remained steady, increasing \$594,784 over restated fiscal year 2014 balance of \$320,046,554. Grant revenues decreased \$3.3 million. Grant revenues for the new airport terminal decreased \$5.8 million as the projects near completion, were offset by new grant revenues of \$2.3 million for the South West Arterial.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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Net position for the business-type activities increased \$12,763,267 over restated fiscal year 2014 of \$138,591,594. Charges for services increased \$1,544,111. The increase in charges for services revenue reflects the increase in water, stormwater, and refuse by 5% and the 5% in sewer rates for 2015. Non-operation grant revenues for transit system increased \$4,952,242 related to Transits portion of the grants for the Intermodal Transportation Center.

A portion of the City's net position \$29,844,073 or 6.3% represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal year 2015 the City has negative total unrestricted net position. The government-wide negative unrestricted results from the \$38 million reduction in net position from the GASB No.68 restatement, and TIF (governmental activities) debt being used to finance capital assets of the business-type activities. The City records a \$2.7 million payable for settlement of the Zaber lawsuit involving over charging of franchise fees. The claim is scheduled to be paid in 2016. Business-type activities negative unrestricted results from the lag in storm water capital projects completed in fiscal year 2015 and reimbursement in 2016 with the State Revolving Loan fund proceeds, and the \$4 million reduction in net position due to the GASB No. 68 restatement.

***Governmental activities.*** Taxes are the largest source of governmental revenues with property taxes of \$36,277,719 in 2015 . Other governmental revenues included gaming \$7,397,709, local option sales taxes \$8,760,246, and charges for services \$14,665,456. Gaming revenues continues to declined due to increased competition from neighboring Illinois that now allows video gambling in bars.

Governmental operating expenses during 2015 totaled \$87,054,103. The largest programs were public safety of \$25,525,937, public works of \$19,207,837, community and economic development of \$18,064,831, and culture and recreation of \$13,002,690.

***Business-type activities.*** Business-type activities increased net position by \$12,763,267 in fiscal year 2015 compared to the restated fiscal year 2014 net position of \$138,951,594. Operating revenue increased \$1,543,285. Water's supplies and services expenses were lower in fiscal year 2015 than fiscal year 2014, reflecting a milder winter and fewer main breaks. Intergovernmental revenue increased \$8,286,768; of which, \$5.2 million was an FTA capital grant for the Intermodal Transportation Center.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**CITY OF DUBUQUE**  
**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

|   | Governmental Activities      |                              | Business-type Activities     |                              | Total                        |                              |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|   | 2014                         |                              | 2014                         |                              | 2014                         |                              |
|   | 2015                         | Not Restated                 | 2015                         | Not Restated                 | 2015                         | Not Restated                 |
| <b>Revenues:</b>  |                              |                              |                              |                              |                              |                              |
| Program revenues  |                              |                              |                              |                              |                              |                              |
| Charges for services  | \$ 14,665,456                | \$ 14,696,269                | \$ 28,985,655                | \$ 27,441,544                | \$ 43,651,111                | \$ 42,137,813                |
| Operating grants and contributions  | 11,992,439                   | 12,784,907                   | 1,866,535                    | 1,717,208                    | 13,858,974                   | 14,502,115                   |
| Capital grants and contributions  | 9,704,043                    | 12,162,649                   | 10,020,715                   | 2,920,942                    | 19,724,758                   | 15,083,591                   |
| General revenues  |                              |                              |                              |                              |                              |                              |
| Property taxes  | 36,277,719                   | 33,264,283                   | -                            | -                            | 36,277,719                   | 33,264,283                   |
| Local option sales tax  | 8,760,246                    | 8,211,366                    | -                            | -                            | 8,760,246                    | 8,211,366                    |
| Hotel/motel tax   | 2,623,551                    | 2,006,514                    | -                            | -                            | 2,623,551                    | 2,006,514                    |
| Utility franchise fees  | 2,828,688                    | 2,609,421                    | -                            | -                            | 2,828,688                    | 2,609,421                    |
| Gaming  | 7,397,709                    | 7,878,008                    | -                            | -                            | 7,397,709                    | 7,878,008                    |
| Unrestricted investment earnings  | 668,134                      | 777,958                      | 185,356                      | 135,461                      | 853,490                      | 913,419                      |
| Gain on sale of capital assets  | 19,495                       | 483,782                      | 6,571                        | 180,229                      | 26,066                       | 664,011                      |
| Total revenues  | <u>94,937,480</u>            | <u>94,875,157</u>            | <u>41,064,832</u>            | <u>32,395,384</u>            | <u>136,002,312</u>           | <u>127,270,541</u>           |
| <b>Expenses:</b>  |                              |                              |                              |                              |                              |                              |
| Public safety   | 25,525,937                   | 27,578,517                   | -                            | -                            | 25,525,937                   | 27,578,517                   |
| Public works  | 19,207,837                   | 21,306,882                   | -                            | -                            | 19,207,837                   | 21,306,882                   |
| Health and social services  | 928,968                      | 1,055,398                    | -                            | -                            | 928,968                      | 1,055,398                    |
| Culture and recreation  | 13,002,690                   | 13,696,331                   | -                            | -                            | 13,002,690                   | 13,696,331                   |
| Community and economic development  | 18,064,831                   | 14,591,257                   | -                            | -                            | 18,064,831                   | 14,591,257                   |
| General government  | 6,420,173                    | 9,610,084                    | -                            | -                            | 6,420,173                    | 9,610,084                    |
| Interest on long-term debt  | 3,903,667                    | 3,684,993                    | -                            | -                            | 3,903,667                    | 3,684,993                    |
| Sewage disposal works   | -                            | -                            | 12,019,866                   | 11,481,103                   | 12,019,866                   | 11,481,103                   |
| Water utility   | -                            | -                            | 7,800,393                    | 8,812,340                    | 7,800,393                    | 8,812,340                    |
| Stormwater utility  | -                            | -                            | 4,131,562                    | 3,431,096                    | 4,131,562                    | 3,431,096                    |
| Parking facilities  | -                            | -                            | 3,383,419                    | 3,732,492                    | 3,383,419                    | 3,732,492                    |
| America's River Project   | -                            | -                            | 24,000                       | 33,579                       | 24,000                       | 33,579                       |
| Refuse collection   | -                            | -                            | 3,740,404                    | 3,750,366                    | 3,740,404                    | 3,750,366                    |
| Transit system  | -                            | -                            | 4,245,823                    | 3,847,320                    | 4,245,823                    | 3,847,320                    |
| Salt  | -                            | -                            | 244,691                      | 56,468                       | 244,691                      | 56,468                       |
| Total expenses  | <u>87,054,103</u>            | <u>91,523,462</u>            | <u>35,590,158</u>            | <u>35,144,764</u>            | <u>122,644,261</u>           | <u>126,668,226</u>           |
| Increase (decrease) in net position before extraordinary item and transfers | 7,883,377                    | 3,351,695                    | 5,474,674                    | (2,749,380)                  | 13,358,051                   | 602,315                      |
| Transfers   | (7,288,593)                  | (2,444,846)                  | 7,288,593                    | 2,444,846                    | -                            | -                            |
| Increase (decrease) in net position   | 594,784                      | 906,849                      | 12,763,267                   | (304,534)                    | 13,358,051                   | 602,315                      |
| Net position, beginning as restated   | <u>320,046,554</u>           | <u>357,175,861</u>           | <u>138,951,594</u>           | <u>143,869,241</u>           | <u>458,998,148</u>           | <u>501,045,102</u>           |
| Net position, ending  | <u><u>\$ 320,641,338</u></u> | <u><u>\$ 358,082,810</u></u> | <u><u>\$ 151,714,861</u></u> | <u><u>\$ 143,564,707</u></u> | <u><u>\$ 472,356,199</u></u> | <u><u>\$ 501,647,517</u></u> |

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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***Governmental funds.*** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The City's governmental funds reported a combined fund balance of \$59,401,841 at June 30, 2015. \$7,196,053 is in nonspendable for inventory, advances to other funds, receivables, and prepaid items. \$69,412 is nonspendable endowment corpus. \$30,496,183 is restricted for debt service and bond ordinance, road use tax funds, capital improvements, community development programs, employee benefits, endowments, and various grants. Council ordinance has committed \$12,298,896 for capital improvements. \$647,772 is assigned for capital improvements and equipment. This leaves \$8,693,524 for unassigned fund balances in the government funds.

The General Fund's fund balance reserve goal is 10% of budgeted annual expenditures. The fund balance of the General Fund decreased by \$386,595 to \$15,423,339. Gaming revenues declined \$480,299 or 6.1% in fiscal year 2015, less than 1% lower than expected. The gaming market continues to be adversely impacted by neighboring State of Illinois Video Gaming Act which legalized the use of video gaming terminals in liquor licensed establishments including bars, restaurants, truck stops and certain fraternal and veterans' organizations. Increase in tax revenue of \$2.1 million was offset by a decrease in intergovernmental revenue of \$1.2 million. The City still has outstanding legal fees related to the Utility Franchise Fee lawsuit (Zaber). These fees will be recovered in 2016 when the settlement is finalized.

The fund balance of special revenue fund Tax Increment Financing increased by \$1,967,868 to \$6,049,530 due to an increase in tax revenue of \$1,749,809.

The fund balance of the Capital Projects Fund general construction decreased by \$3,617,012 to \$9,915,113. Revenue for capital projects are not always received in the same fiscal year as project expenses occur.

***Proprietary funds.*** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The combined net position of the enterprise funds at June 30, 2015, totaled \$151,714,861 of which the unrestricted is a negative \$4,568,933. This is primarily due to expenses in 2015 for stormwater projects being reimbursed through the State of Iowa revolving loan fund in 2016.

The net position of the Internal Service Funds decreased by \$1,064,162 to a negative \$326,939. The Health Insurance Reserve Fund increased \$307,191 while the Workers' Comp Reserve decreased \$137,745. Both funds experienced higher expenses in fiscal year 2015 than fiscal year 2014. The unrestricted net position of the Internal Service Funds is a negative \$567,029.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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The Sewer Fund had a decrease by \$5,197,713 for total net position of \$31,469,829 based on the restated fiscal year 2014 ending balance. Assets for green alley improvements were moved from Sewer Fund into Stormwater Fund to reflect the enterprise benefiting from the assets. The debt for the green alley project is paid with sewer revenue funds. This is an agreement with the Iowa State Revolving Loan. Debt service for the new Water and Resource Recovery Center was increased by \$9.4 million and the interest rate was lowered so the net debt service cost for the City remained the same. The requirement was that the improvements had to be made in a service other than sewer. The City chose to use the funding for the green alley project which is a stormwater utility. Currently \$3.2 million of debt for green alley is recorded in the Sewer Fund and assets in the stormwater fund.

The Water Utility had an increase in net position by \$407,589 for total net position of \$22,501,868 based on the restated fiscal year 2014 ending balance. Water rates were increased 5% in 2015.

The Storm Water Utility had a 22.3% increase in net position of \$7,005,598 based on the restated fiscal year 2014 ending balance. Ending net position is \$38,469,652. \$3.8 million in assets for green alley project was transferred to storm water from sewer. The debt for this asset is remaining in the sewer fund.

The Parking Facilities held steady with a increase in net position of \$659,027. Ending net position is \$38,786,705. Revenues increased \$116,066. Fiscal year 2015 fees for parking tickets and parking ramps were increased.

The Transit System was moved to a major fund in 2015 due to increased grant revenue for Intermodal Transportation Center. Net positon increased \$9,397,314 over 2014 restated ending balance.

Other Enterprise Funds net position increased by \$80,445 to \$1,697,270 over fiscal year 2014 restated ending balance. This was primarily due to an increase of transfers in to the Salt Fund for reimbursement of prior year expenses.

Health Insurance Reserve increased in fiscal year 2015 by \$307,191. Revenues increased by \$492,564 and claims increased 9% over 2014.

## **BUDGETARY HIGHLIGHTS**

There were two amendments to the City's 2014-2015 cash basis budget. The first amendment was passed in September 2014 to reflect operating and capital budget carryovers (continuing appropriation authority) from fiscal year 2014 and amended the fiscal year 2014 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in April 2015 to reflect City Council actions since the second budget amendment and amendments to add additional appropriation authority due to increased revenues.

The final budget for total cash basis receipts increased by \$13,372,555. The increase was primarily attributable to revenue associated with capital projects and operating carryovers which mainly include grants to intergovernmental funds. The final budget for total expenditures increased \$60,824,958 from the original budget. The increase was primarily attributable to purchase order encumbrances carryover, capital projects, and operating carryovers from the prior year and expenditures associated with new grants received.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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Actual cash basis revenues were \$39,407,755 less than the final amended budget; and, cash basis expenditures were \$101,371,598 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital assets.*** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$663,922,349 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. Additional information on the City's assets can be found in Note 6 to the financial statements in this report.

**CAPITAL ASSETS (net of accumulated depreciation)**

|                                   | Governmental Activities |                       | Business-type Activities |                       | Total                 |                       |
|-----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                                   | 2015                    | 2014                  | 2015                     | 2014                  | 2015                  | 2014                  |
| Land                              | \$ 68,906,705           | \$ 67,080,527         | \$ 22,482,687            | \$ 18,722,641         | \$ 91,389,392         | \$ 85,803,168         |
| Buildings                         | 127,812,256             | 127,599,341           | 136,395,921              | 136,007,378           | 264,208,177           | 263,606,719           |
| Improvements other than buildings | 22,219,094              | 22,219,094            | 99,006,869               | 94,055,495            | 121,225,963           | 116,274,589           |
| Machinery and equipment           | 40,667,979              | 39,518,216            | 96,550,475               | 95,332,143            | 137,218,454           | 134,850,359           |
| Infrastructure                    | 216,205,431             | 215,931,579           | -                        | -                     | 216,205,431           | 215,931,579           |
| Construction in progress          | 52,565,551              | 44,054,916            | 21,008,496               | 6,978,822             | 73,574,047            | 51,033,738            |
| Accumulated depreciation          | (135,984,590)           | (127,149,155)         | (103,914,525)            | (96,994,627)          | (239,899,115)         | (224,143,782)         |
|                                   | <u>\$ 392,392,426</u>   | <u>\$ 389,254,518</u> | <u>\$ 271,529,923</u>    | <u>\$ 254,101,852</u> | <u>\$ 663,922,349</u> | <u>\$ 643,356,370</u> |

Major expenditures during 2014-2015 were for the construction work on the Intermodal projects, Green Alley projects, new Airport terminal related contruction, and Bee Branch storm water projects.

***Long-term debt.*** At year end, the City had \$253,158,630 of debt outstanding. In fiscal year 2015, the City issued Sales Tax Incremental Revenue bonds (series 2015A) for flood mitigation projects in the Bee Branch area. This loan is part of the \$98.7 million state grant award to the City that will be paid over the next twenty years for flood mitigation projects. The grant is computed based on the incremental increase in sales tax receipts collected by the state. The debt service payment for flood mitigation projects approved under this grant are reimbursed through this grant. In case the sales tax incremental receipts are not sufficient to cover the debt service a second lien is filed against property tax support.

The City issued General Obligation bonds series 2014B for the purpose of acquisitions of ambulances and ambulance improvements, improvements to parks, airport, streets, sanitary sewer and water mains, equipping police, and street departments. General obligation bonds series 2014C for improvements to the parking ramps and lots, parking meter replacements, urban renewal projects including transit building roof repair, Central Avenue Master Plan, and bus storage and maintence facility improvements; and aquisition, construction, maintenance, improvements and equipping parking ramps, parking lots, and street parking.

The City received \$5,525,021 in distributions fom the State of Iowa Revolving Loan Fund for Stormwater Bee Branch projects.

The City continues to operate under the State debt capacity limitations. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Thus the City's debt capacity is \$193,113,721. With \$173,597,304 of debt applicable against the capacity, the City is utilizing 89.9% of this limit. Additional information on the City's long-term debt can be found in Note 7 of this report.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**ECONOMIC FACTORS**

The City's unemployment rate as of December 2015 was 3.6% compared to 3.7% in December 2014. The national average was 5% for December 2015, according to the Bureau of Labor Statistics. State of Iowa was 3.4% as reported in November 2015.

The assessed valuation of taxable property, net of exemptions, increased by 5% to \$2,522,048,000. In fiscal year 2015, the minimum monthly refuse rate increased from \$12.74 to \$13.24, sewer and water rates increased 5%, and the storm water monthly fee increased from \$5.60 to \$5.98 per single family unit (SFU).

**Requests for information.** This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 50 West 13th Street, Dubuque, Iowa 52001-4864.

**Basic Financial Statements  
June 30, 2015  
City of Dubuque, Iowa**

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

|   | Primary Government      |                          |               | Component Units                      |                              |                                |
|---|-------------------------|--------------------------|---------------|--------------------------------------|------------------------------|--------------------------------|
|   | Governmental Activities | Business-type Activities | Total         | Dubuque                              | Dubuque                      | Dubuque                        |
|   |                         |                          |               | Metropolitan Area Solid Waste Agency | Initiatives and Subsidiaries | Convention and Visitors Bureau |
| <b>ASSETS</b>                               |                         |                          |               |                                      |                              |                                |
| <b>CURRENT ASSETS</b>                       |                         |                          |               |                                      |                              |                                |
| Cash and pooled cash investments            | \$ 22,349,886           | \$ 8,093,879             | \$ 30,443,765 | \$ 1,225,447                         | \$ 2,001,747                 | \$ 15,465                      |
| Receivables                                 |                         |                          |               |                                      |                              |                                |
| Property tax                                |                         |                          |               |                                      |                              |                                |
| Delinquent                                  | 362,190                 | -                        | 362,190       | -                                    | -                            | -                              |
| Succeeding year                             | 24,906,544              | -                        | 24,906,544    | -                                    | -                            | -                              |
| Accounts and other                          | 1,779,875               | 2,809,193                | 4,589,068     | 255,924                              | 595,297                      | -                              |
| Special assessments                         | 756,293                 | -                        | 756,293       | -                                    | -                            | -                              |
| Accrued interest                            | 122,035                 | 15,843                   | 137,878       | 7,148                                | -                            | -                              |
| Notes                                       | 747,830                 | -                        | 747,830       | -                                    | 27,554                       | -                              |
| Intergovernmental                           | 4,871,355               | 3,284,677                | 8,156,032     | -                                    | -                            | -                              |
| Internal balances                           | 5,171,550               | (5,171,550)              | -             | -                                    | -                            | -                              |
| Inventories                                 | 655,399                 | 775,006                  | 1,430,405     | -                                    | 530,251                      | 15,095                         |
| Prepaid items                               | 208,485                 | 17,691                   | 226,176       | 12,817                               | -                            | -                              |
| Total Current Assets                        | 61,931,442              | 9,824,739                | 71,756,181    | 1,501,336                            | 3,154,849                    | 30,560                         |
| <b>NONCURRENT ASSETS</b>                    |                         |                          |               |                                      |                              |                                |
| Expendable cash & investments               | 18,503,285              | 47,053,067               | 65,556,352    | 8,601,083                            | 1,405,495                    | 52,193                         |
| Nonexpendable restricted cash & investments | 69,412                  | -                        | 69,412        | -                                    | -                            | -                              |
| Notes receivable                            | 12,794,779              | -                        | 12,794,779    | -                                    | 10,372,277                   | -                              |
| Capital assets                              |                         |                          |               |                                      |                              |                                |
| Land  | 68,906,705              | 22,482,687               | 91,389,392    | 2,952,666                            | 17,723                       | -                              |
| Buildings                                   | 127,812,256             | 136,395,921              | 264,208,177   | 106,495                              | 44,408,906                   | -                              |
| Improvements other than buildings           | 22,219,094              | 99,006,869               | 121,225,963   | 10,306,408                           | 132,817                      | -                              |
| Machinery and equipment                     | 40,667,979              | 96,550,475               | 137,218,454   | 4,022,922                            | -                            | 309,926                        |
| Infrastructure                              | 216,205,431             | -                        | 216,205,431   | -                                    | -                            | -                              |
| Construction in progress                    | 52,565,551              | 21,008,496               | 73,574,047    | 810,960                              | -                            | -                              |
| Accumulated depreciation                    | (135,984,590)           | (103,914,525)            | (239,899,115) | (9,174,666)                          | (5,543,364)                  | -                              |
| Total Noncurrent Assets                     | 423,759,902             | 318,582,990              | 742,342,892   | 17,625,868                           | 50,793,854                   | 362,119                        |
| Total Assets                                | 485,691,344             | 328,407,729              | 814,099,073   | 19,127,204                           | 53,948,703                   | 392,679                        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                         |                          |               |                                      |                              |                                |
| Pension Related deferred outflows           | \$ 7,605,182            | \$ 768,132               | \$ 8,373,314  | \$ 81,578                            | \$ -                         | \$ -                           |

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION (continued)**  
**JUNE 30, 2015**

|                                       | Primary Government      |                          |                       | Component Units                      |                                      |  |  |  |  |  |  |
|---------------------------------------|-------------------------|--------------------------|-----------------------|--------------------------------------|--------------------------------------|--|--|--|--|--|--|
|                                       | Governmental Activities | Business-type Activities | Total                 | Dubuque                              | Dubuque Initiatives and Subsidiaries | Dubuque Convention and Visitors Bureau |  |  |  |  |  |
|                                       |                         |                          |                       | Metropolitan Area Solid Waste Agency |                                      |  |  |  |  |  |  |
| <b>LIABILITIES</b>                    |                         |                          |                       |                                      |                                      |  |  |  |  |  |  |
| <b>CURRENT LIABILITIES</b>            |                         |                          |                       |                                      |                                      |  |  |  |  |  |  |
| Accounts payable                      | \$ 6,982,210            | \$ 3,918,202             | \$ 10,900,412         | \$ 330,848                           | \$ 478,859                           | \$ 194,794                             |  |  |  |  |  |
| Accrued payroll                       | 566,030                 | 179,274                  | 745,304               | 17,229                               | -                                    | -                                      |  |  |  |  |  |
| Loans payable                         | 97,143                  | 25,433                   | 122,576               | -                                    | -                                    | 43,442                                 |  |  |  |  |  |
| Notes payable                         | 186,189                 | 3,123,000                | 3,309,189             | -                                    | 448,206                              | -                                      |  |  |  |  |  |
| General obligation bonds payable      | 4,774,098               | 2,240,902                | 7,015,000             | 185,000                              | -                                    | -                                      |  |  |  |  |  |
| Revenue bonds payable                 | -                       | 285,000                  | 285,000               | -                                    | -                                    | -                                      |  |  |  |  |  |
| Tax increment financing bonds payable | 410,000                 | -                        | 410,000               | -                                    | -                                    | -                                      |  |  |  |  |  |
| Accrued compensated absences          | 349,434                 | 21,267                   | 370,701               | 28,497                               | -                                    | -                                      |  |  |  |  |  |
| Accrued interest payable              | 309,630                 | 436,200                  | 745,830               | 10,632                               | 52,990                               | -                                      |  |  |  |  |  |
| Intergovernmental payable             | 4,987                   | -                        | 4,987                 | 53,940                               | -                                    | -                                      |  |  |  |  |  |
| Unearned revenue                      | 630,512                 | -                        | 630,512               | -                                    | -                                    | -                                      |  |  |  |  |  |
| Total Current Liabilities             | <u>14,310,233</u>       | <u>10,229,278</u>        | <u>24,539,511</u>     | <u>626,146</u>                       | <u>980,055</u>                       | <u>238,236</u>                         |  |  |  |  |  |
| <b>NONCURRENT LIABILITIES</b>         |                         |                          |                       |                                      |                                      |  |  |  |  |  |  |
| Loans payable                         | 5,347,142               | 236,622                  | 5,583,764             | -                                    | -                                    | 122,217                                |  |  |  |  |  |
| Notes payable                         | 625,419                 | 82,324,971               | 82,950,390            | -                                    | 26,733,502                           | -                                      |  |  |  |  |  |
| General obligation bonds payable      | 54,840,843              | 43,627,492               | 98,468,335            | 4,454,086                            | -                                    | -                                      |  |  |  |  |  |
| Revenue bonds payable                 | -                       | 34,258,432               | 34,258,432            | -                                    | -                                    | -                                      |  |  |  |  |  |
| Landfill closure and postclosure care | -                       | -                        | -                     | 4,619,086                            | -                                    | -                                      |  |  |  |  |  |
| Tax increment financing bonds payable | 20,755,946              | -                        | 20,755,946            | -                                    | -                                    | -                                      |  |  |  |  |  |
| Accrued compensated absences          | 6,041,918               | 942,332                  | 6,984,250             | 271,924                              | -                                    | -                                      |  |  |  |  |  |
| Net pension liability                 | 29,391,256              | 3,706,983                | 33,098,239            | 393,621                              | -                                    | -                                      |  |  |  |  |  |
| Net OPEB Liability                    | 3,423,868               | 721,155                  | 4,145,023             | 76,154                               | -                                    | -                                      |  |  |  |  |  |
| Total Noncurrent Liabilities          | <u>120,426,392</u>      | <u>165,817,987</u>       | <u>286,244,379</u>    | <u>9,814,871</u>                     | <u>26,733,502</u>                    | <u>122,217</u>                         |  |  |  |  |  |
| Total Liabilities                     | <u>134,736,625</u>      | <u>176,047,265</u>       | <u>310,783,890</u>    | <u>10,441,017</u>                    | <u>27,713,557</u>                    | <u>360,453</u>                         |  |  |  |  |  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                         |                          |                       |                                      |                                      |  |  |  |  |  |  |
| Pension related deferred inflows      | 13,012,019              | 1,413,735                | 14,425,754            | 150,117                              | -                                    | -                                      |  |  |  |  |  |
| Succeeding year property tax          | 24,906,544              | -                        | 24,906,544            | -                                    | -                                    | -                                      |  |  |  |  |  |
| Total deferred inflows of resources   | <u>\$ 37,918,563</u>    | <u>\$ 1,413,735</u>      | <u>\$ 39,332,298</u>  | <u>\$ 150,117</u>                    | <u>\$ -</u>                          | <u>\$ -</u>                            |  |  |  |  |  |
| <b>NET POSITION</b>                   |                         |                          |                       |                                      |                                      |  |  |  |  |  |  |
| Net investment in capital assets      | 348,173,267             | 148,487,126              | 496,660,393           | 8,390,736                            | 11,834,374                           | -                                      |  |  |  |  |  |
| Restricted for/by:                    |                         |                          |                       |                                      |                                      |  |  |  |  |  |  |
| Bond ordinance development agreement  | 2,140,740               | 7,796,668                | 9,937,408             | -                                    | -                                    | -                                      |  |  |  |  |  |
| Debt service                          | 25,531                  | -                        | 25,531                | -                                    | -                                    | -                                      |  |  |  |  |  |
| Employee benefits                     | 27,771                  | -                        | 27,771                | -                                    | -                                    | -                                      |  |  |  |  |  |
| Community development                 | 9,697,644               | -                        | 9,697,644             | -                                    | -                                    | -                                      |  |  |  |  |  |
| Iowa Finance Authority Trust          | 22,840                  | -                        | 22,840                | -                                    | -                                    | -                                      |  |  |  |  |  |
| Capital projects                      | 8,318,583               | -                        | 8,318,583             | -                                    | -                                    | -                                      |  |  |  |  |  |
| Franchise agreement                   | 402,029                 | -                        | 402,029               | -                                    | -                                    | -                                      |  |  |  |  |  |
| Endowments, expendable                | 92,768                  | -                        | 92,768                | -                                    | -                                    | 9,919                                  |  |  |  |  |  |
| Endowments, nonexpendable             | 69,412                  | -                        | 69,412                | -                                    | -                                    | -                                      |  |  |  |  |  |
| Other                                 | 1,250,087               | -                        | 1,250,087             | -                                    | -                                    | -                                      |  |  |  |  |  |
| State statute                         | -                       | -                        | -                     | 118,027                              | -                                    | -                                      |  |  |  |  |  |
| Minority interest                     | -                       | -                        | -                     | 24,717                               | -                                    | -                                      |  |  |  |  |  |
| Unrestricted                          | <u>(49,579,334)</u>     | <u>(4,568,933)</u>       | <u>(54,148,267)</u>   | <u>84,168</u>                        | <u>14,400,772</u>                    | <u>22,307</u>                          |  |  |  |  |  |
| Total Net Position                    | <u>\$ 320,641,338</u>   | <u>\$ 151,714,861</u>    | <u>\$ 472,356,199</u> | <u>\$ 8,617,648</u>                  | <u>\$ 26,235,146</u>                 | <u>\$ 32,226</u>                       |  |  |  |  |  |

See notes to financial statements.

**CITY OF DUBUQUE, IOWA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

**EXHIBIT 2**

| Functions/Programs                           | Program Revenues   |                      |                                    |                                  |                        |                         | Net (Expense) Revenue and Changes in Net Position |              |                                      | Component Units              |  |                                |
|--|--------------------|----------------------|------------------------------------|----------------------------------|------------------------|-------------------------|---|--------------|--------------------------------------|------------------------------|--|--------------------------------|
|  | Primary government |                      | Business-type Activities           |                                  | Total                  |                         | Dubuque Metropolitan Area Solid Waste Agency      |              | Dubuque Initiatives and Subsidiaries |                              | Dubuque Convention and Visitors Bureau |                                |
|  | Expenses           | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Program Revenues | Governmental Activities | Total   | Waste Agency | Area Solid                           | Initiatives and Subsidiaries | Metropolitan Area Solid                | Convention and Visitors Bureau |
| <b>Primary government</b>                    |                    |                      |                                    |                                  |                        |                         |   |              |                                      |                              |  |                                |
| Governmental Activities:                     |                    |                      |                                    |                                  |                        |                         |   |              |                                      |                              |  |                                |
| Public safety                                | \$ 25,525,937      | 2,532,114            | \$ 97,085                          | \$ 770,550                       | \$ 3,399,749           | \$ (22,126,188)         | \$ (22,126,188)                                   | \$ -         | \$ -                                 | \$ -                         | \$ -                                   | \$ -                           |
| Public works                                 | 19,207,837         | 6,092,356            | 6,145,717                          | 5,225,912                        | 17,463,985             | (1,743,852)             | (1,743,852)                                       |              |                                      |                              |  |                                |
| Health and social services                   | 928,968            | 114,731              | -                                  | 24,486                           | 139,217                | (789,751)               | (789,751)   |              |                                      |                              |  |                                |
| Culture and recreation                       | 13,002,690         | 2,547,843            | 204,893                            | 523,143                          | 3,275,879              | (9,726,811)             | (9,726,811)                                       |              |                                      |                              |  |                                |
| Community and economic development           | 18,064,831         | 371,708              | 5,544,744                          | 3,084,969                        | 9,001,421              | (9,063,410)             | (9,063,410)                                       |              |                                      |                              |  |                                |
| General government                           | 6,420,173          | 3,006,704            | -                                  | 75,152                           | 3,081,856              | (3,338,317)             | (3,338,317)                                       |              |                                      |                              |  |                                |
| Interest on long-term debt                   | 3,903,667          | -                    | -                                  | (169)                            | (169)                  | (3,903,836)             | (3,903,836)                                       |              |                                      |                              |  |                                |
| Total governmental activities                | \$ 87,054,103      | 14,665,456           | 11,992,439                         | 9,704,043                        | 36,361,938             | (50,692,165)            | (50,692,165)                                      |              |                                      |                              |  |                                |
| Business-type activities                     |                    |                      |                                    |                                  |                        |                         |   |              |                                      |                              |  |                                |
| Sewage disposal works                        | 12,019,866         | 10,582,662           | -                                  | 289,438                          | 10,872,100             | -                       | (1,147,766)                                       | (1,147,766)  |                                      |                              |  |                                |
| Water utility                                | 7,800,393          | 7,463,430            | -                                  | 316,691                          | 7,780,121              | -                       | (20,272)  | (20,272)     |                                      |                              |  |                                |
| Stormwater utility                           | 4,131,562          | 3,490,040            | -                                  | 3,450,609                        | 6,946,649              | -                       | 2,815,087   | 2,815,087    |                                      |                              |  |                                |
| Parking facilities                           | 3,383,419          | 3,036,214            | -                                  | 194,631                          | 3,230,845              | -                       | (152,574)   | (152,574)    |                                      |                              |  |                                |
| Americans River Project                      | 24,000             | -                    | -                                  | -                                | -                      | -                       | (24,000)  | (24,000)     |                                      |                              |  |                                |
| Refuse collection                            | 3,740,404          | 3,783,493            | -                                  | -                                | 3,783,493              | -                       | 43,089  | 43,089       |                                      |                              |  |                                |
| Transit system                               | 4,245,823          | 397,545              | 1,866,535                          | 5,763,346                        | 8,027,426              | -                       | 3,781,603   | 3,781,603    |                                      |                              |  |                                |
| Salt   | 244,691            | 232,271              | -                                  | -                                | 232,271                | -                       | (12,420)  | (12,420)     |                                      |                              |  |                                |
| Total business-type activities               | \$ 35,590,158      | 28,985,655           | 1,866,535                          | 10,020,715                       | 40,872,905             | -                       | 5,282,747   | 5,282,747    |                                      |                              |  |                                |
| Total primary government                     | \$ 122,644,261     | \$ 43,651,111        | \$ 13,858,974                      | \$ 19,724,758                    | \$ 77,234,843          | (50,692,165)            | \$ 5,282,747                                      | \$ 5,282,747 |                                      |                              |  |                                |
| <b>Component units</b>                       |                    |                      |                                    |                                  |                        |                         |   |              |                                      |                              |  |                                |
| Dubuque Metropolitan Area Solid Waste        |                    |                      |                                    |                                  |                        |                         |   |              |                                      |                              |  |                                |
| Agency                                       | 4,669,182          | 3,498,001            | -                                  | 39,021                           | 3,537,022              |                         | (1,132,160)                                       | (1,132,160)  |                                      |                              |  |                                |
| Dubuque Initiatives and Subsidiaries         | 4,449,483          | 3,679,225            | -                                  | -                                | 3,679,225              |                         | -   | (770,258)    | (770,258)                            |                              |  |                                |
| Dubuque Convention and Visitors Bureau       | 1,235,434          | 1,143,270            | -                                  | 85,089                           | 1,228,359              |                         | -   | -            | (7075)                               | (7075)                       |  |                                |
| Total Component Units                        | \$ 10,354,099      | \$ 8,320,496         | \$ -                               | \$ 124,110                       | \$ 8,444,606           |                         |   |              |                                      |                              |  |                                |
| General revenues                             |                    |                      |                                    |                                  |                        |                         |   |              |                                      |                              |  |                                |
| Property taxes                               |                    |                      |                                    |                                  |                        |                         | 36,277,719  | 36,277,719   |                                      |                              |  |                                |
| Local option sales tax                       |                    |                      |                                    |                                  |                        |                         | 8,760,246   | 8,760,246    |                                      |                              |  |                                |
| Hotel/motel tax                              |                    |                      |                                    |                                  |                        |                         | 2,623,551   | 2,623,551    |                                      |                              |  |                                |
| Utility franchise fees                       |                    |                      |                                    |                                  |                        |                         | 2,828,688   | 2,828,688    |                                      |                              |  |                                |
| Gaming                                       |                    |                      |                                    |                                  |                        |                         | 7,397,709   | 7,397,709    |                                      |                              |  |                                |
| Unrestricted investment earnings             |                    |                      |                                    |                                  |                        |                         | 668,134   | 185,356      |                                      |                              |  |                                |
| Gain on disposal of capital assets           |                    |                      |                                    |                                  |                        |                         | 668,134   | 853,490      |                                      |                              |  |                                |
| Transfers                                    |                    |                      |                                    |                                  |                        |                         | 19,495  | 6,571        |                                      |                              |  |                                |
| Total General Revenues and Transfers         | \$ 51,286,949      | \$ 7,480,520         | \$ -                               | \$ 38,767,469                    | \$ 33,583              |                         |   |              |                                      |                              |  |                                |
| Change in Net Position                       | \$ 594,784         | 12,763,267           | \$ -                               | \$ (1,098,577)                   | \$ 33,583              |                         |   |              |                                      |                              |  |                                |
| Net position, beginning of year, as restated | \$ 320,046,554     | 138,951,594          | \$ 438,998,148                     | \$ 9,716,225                     | \$ 26,184,304          |                         |   |              |                                      |                              |  |                                |
| Net position, ending of year                 | \$ 320,641,338     | \$ 151,714,861       | \$ 472,356,199                     | \$ 8,617,648                     | \$ 26,235,146          |                         |   |              |                                      |                              |  |                                |

See notes to financial statements.

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**CITY OF DUBUQUE, IOWA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

**EXHIBIT 3**

|   | Special Revenue |                         | Capital Projects     |                          |               | Total |  |
|---|-----------------|-------------------------|----------------------|--------------------------|---------------|-------|--|
|   | General         | Tax Increment Financing | General Construction | Other Governmental Funds |               |       |  |
|   |                 |                         |                      |                          |               |       |  |
| <b>ASSETS</b>   |                 |                         |                      |                          |               |       |  |
| Cash and pooled cash investments                                    | \$ 2,602,667    | \$ 614,509              | \$ 2,474,992         | \$ 13,927,230            | \$ 19,619,398 |       |  |
| Receivables   |                 |                         |                      |                          |               |       |  |
| Property tax  |                 |                         |                      |                          |               |       |  |
| Delinquent  | 132,126         | 191,642                 | -                    | 38,422                   | 362,190       |       |  |
| Succeeding year   | 19,363,124      | -                       | -                    | 5,543,420                | 24,906,544    |       |  |
| Accounts and other  | 1,284,435       | -                       | -                    | 182,205                  | 1,466,640     |       |  |
| Special assessments   | -               | -                       | -                    | 756,293                  | 756,293       |       |  |
| Accrued interest  | 32,352          | 41,001                  | 332                  | 44,115                   | 117,800       |       |  |
| Notes   | 5,755,847       | -                       | -                    | 7,786,762                | 13,542,609    |       |  |
| Intergovernmental   | 1,649,074       | -                       | 142,415              | 3,079,866                | 4,871,355     |       |  |
| Due from other funds  | 5,533,626       | -                       | -                    | -                        | 5,533,626     |       |  |
| Inventories   | 181,449         | -                       | -                    | 399,243                  | 580,692       |       |  |
| Prepaid items   | 144,747         | -                       | -                    | 57,250                   | 201,997       |       |  |
| Restricted cash and pooled cash investments                         | 215,888         | 5,539,973               | 7,457,941            | 5,358,895                | 18,572,697    |       |  |
| Total Assets  | \$ 36,895,335   | \$ 6,387,125            | \$ 10,075,680        | \$ 37,173,701            | \$ 90,531,841 |       |  |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                 |                         |                      |                          |               |       |  |
| <b>LIABILITIES</b>  |                 |                         |                      |                          |               |       |  |
| Accounts payable  | \$ 827,578      | \$ 2,445                | \$ 18,152            | \$ 1,459,253             | \$ 2,307,428  |       |  |
| Accrued payroll   | 466,491         | -                       | -                    | 60,751                   | 527,242       |       |  |
| Intergovernmental payable   | -               | -                       | -                    | 4,987                    | 4,987         |       |  |
| Due to other funds  | -               | 335,150                 | -                    | -                        | 335,150       |       |  |
| Unearned revenue  | 630,512         | -                       | -                    | -                        | 630,512       |       |  |
| Total Liabilities   | \$ 1,924,581    | \$ 337,595              | \$ 18,152            | \$ 1,524,991             | \$ 3,805,319  |       |  |
| <b>DEFERRED INFLOW OF RESOURCES</b>                                 |                 |                         |                      |                          |               |       |  |
| Unavailable revenues  |                 |                         |                      |                          |               |       |  |
| Succeeding year property tax  | 19,363,124      | -                       | -                    | 5,543,420                | 24,906,544    |       |  |
| Special assessments   | -               | -                       | -                    | 720,712                  | 720,712       |       |  |
| Grants  | 129,646         | -                       | 142,415              | 1,335,194                | 1,607,255     |       |  |
| Other   | 54,645          | -                       | -                    | 35,525                   | 90,170        |       |  |
| Total Deferred Inflows of Resources                                 | \$ 19,547,415   | -                       | \$ 142,415           | \$ 7,634,851             | \$ 27,324,681 |       |  |
| <b>FUND BALANCES</b>  |                 |                         |                      |                          |               |       |  |
| Nonspendable  |                 |                         |                      |                          |               |       |  |
| Endowment corpus  | -               | -                       | -                    | 69,412                   | 69,412        |       |  |
| Inventory   | 181,449         | -                       | -                    | 399,243                  | 580,692       |       |  |
| Long-term notes receivable  | 5,755,847       | -                       | -                    | 657,518                  | 6,413,365     |       |  |
| Prepaid items   | 144,747         | -                       | -                    | 57,250                   | 201,997       |       |  |
| Restricted  |                 |                         |                      |                          |               |       |  |
| Endowments  | -               | -                       | -                    | 92,768                   | 92,768        |       |  |
| Library   | -               | -                       | -                    | 1,212,370                | 1,212,370     |       |  |
| Debt service  | -               | -                       | -                    | 25,531                   | 25,531        |       |  |
| Bond ordinance  | -               | 2,140,740               | -                    | -                        | 2,140,740     |       |  |
| Capital improvements  | -               | 3,908,790               | 9,915,113            | 2,957,823                | 16,781,726    |       |  |
| Franchise agreement   | -               | -                       | -                    | 402,029                  | 402,029       |       |  |
| Special assessments   | -               | -                       | -                    | 35,653                   | 35,653        |       |  |
| Claims  | -               | -                       | -                    | 2,064                    | 2,064         |       |  |
| Iowa Finance Authority Trust  | -               | -                       | -                    | 92,551                   | 92,551        |       |  |
| Community programs  | -               | -                       | -                    | 9,682,980                | 9,682,980     |       |  |
| Employee benefits   | -               | -                       | -                    | 27,771                   | 27,771        |       |  |
| Committed, capital improvements                                     | -               | -                       | -                    | 12,298,896               | 12,298,896    |       |  |
| Assigned  |                 |                         |                      |                          |               |       |  |
| DRA gaming and distribution   | 647,772         | -                       | -                    | -                        | 647,772       |       |  |
| Unassigned  | 8,693,524       | -                       | -                    | -                        | 8,693,524     |       |  |
| Total Fund Balances   | \$ 15,423,339   | \$ 6,049,530            | \$ 9,915,113         | \$ 28,013,859            | \$ 59,401,841 |       |  |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 36,895,335   | \$ 6,387,125            | \$ 10,075,680        | \$ 37,173,701            | \$ 90,531,841 |       |  |

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**EXHIBIT 3-1**

Total fund balances - governmental funds \$ 59,401,841

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

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

|                          |                      |
|--------------------------|----------------------|
| Cost of capital assets   | \$ 528,052,768       |
| Accumulated depreciation | <u>(135,900,431)</u> |

392,152,337

Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. Those revenues consist of:

|                     |                  |
|---------------------|------------------|
| Property tax        | 32,460           |
| Special assessments | 720,712          |
| Other               | <u>1,664,965</u> |

2,418,137

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the government funds as follows:

|                                |                  |
|--------------------------------|------------------|
| Deferred inflows or resources  | (12,474,247)     |
| Deferred outflows of resources | <u>7,312,993</u> |

(5,161,254)

Internal service funds are used by the City's management to charge the costs of equipment maintenance and self-insurance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

(326,939)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

|                                   |                    |
|-----------------------------------|--------------------|
| General obligation bonds          | (59,614,941)       |
| Tax increment financing bonds     | (21,165,946)       |
| Notes payable                     | (811,608)          |
| Loans payable                     | (5,444,285)        |
| Accounts payable Zaber settlement | (2,700,000)        |
| Accrued interest                  | (309,630)          |
| Compensated absences              | (6,391,352)        |
| Net pension liability             | (27,981,154)       |
| Net OPEB liability                | <u>(3,423,868)</u> |

(127,842,784)

Net position of governmental activities \$ 320,641,338

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**EXHIBIT 4**

|  | <u>Special Revenue</u> <u>Capital Projects</u> |                                |                             |                                 |                      |
|--|--|--------------------------------|-----------------------------|---------------------------------|----------------------|
|  | <u>General</u>                                 | <u>Tax Increment Financing</u> | <u>General Construction</u> | <u>Other Governmental Funds</u> | <u>Total</u>         |
| <b>REVENUES</b>  |  |                                |                             |                                 |                      |
| Taxes  | \$ 29,601,749                                  | \$ 10,890,062                  | \$ -                        | \$ 9,998,393                    | \$ 50,490,204        |
| Special assessments  | -  | -                              | -                           | 85,501                          | 85,501               |
| Licenses and permits   | 1,198,420                                      | -                              | -                           | -                               | 1,198,420            |
| Intergovernmental  | 1,328,132                                      | -                              | 396,048                     | 19,104,344                      | 20,828,524           |
| Charges for services   | 10,450,557                                     | -                              | -                           | 260,686                         | 10,711,243           |
| Fines and forfeits   | 362,661  | -                              | -                           | -                               | 362,661              |
| Investment earnings  | 252,737  | 207,000                        | 31,327                      | 177,070                         | 668,134              |
| Contributions  | 556,864  | 127,021                        | 4,492                       | 100,891                         | 789,268              |
| Gaming   | 7,397,709                                      | -                              | -                           | -                               | 7,397,709            |
| Miscellaneous  | 564,262  | -                              | -                           | 902,280                         | 1,466,542            |
| Total Revenues   | <u>51,713,091</u>                              | <u>11,224,083</u>              | <u>431,867</u>              | <u>30,629,165</u>               | <u>93,998,206</u>    |
| <b>EXPENDITURES</b>  |  |                                |                             |                                 |                      |
| Current  |  |                                |                             |                                 |                      |
| Public safety  | 27,570,773                                     | -                              | -                           | -                               | 27,570,773           |
| Public works   | 5,993,358                                      | -                              | 4,061                       | 5,203,008                       | 11,200,427           |
| Health and social services   | 915,023  | -                              | -                           | 24,149                          | 939,172              |
| Culture and recreation   | 12,082,045                                     | -                              | -                           | 218,409                         | 12,300,454           |
| Community and economic development                                   | 3,235,877                                      | 3,642,797                      | -                           | 9,540,235                       | 16,418,909           |
| General government   | 5,443,158                                      | -                              | -                           | 534,447                         | 5,977,605            |
| Debt service   |  |                                |                             |                                 |                      |
| Principal  | -  | -                              | -                           | 4,910,735                       | 4,910,735            |
| Interest and fiscal charges  | 135,000  | -                              | -                           | 3,442,829                       | 3,577,829            |
| Capital projects   | -  | -                              | 5,070,956                   | 9,758,081                       | 14,829,037           |
| Total Expenditures   | <u>55,375,234</u>                              | <u>3,642,797</u>               | <u>5,075,017</u>            | <u>33,631,893</u>               | <u>97,724,941</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(3,662,143)</u>                             | <u>7,581,286</u>               | <u>(4,643,150)</u>          | <u>(3,002,728)</u>              | <u>(3,726,735)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |  |                                |                             |                                 |                      |
| Issuance of debt   | 264,320  | 4,038,113                      | 3,437,292                   | 3,397,596                       | 11,137,321           |
| Premium on bonds   | 3,844  | 4,306                          | 14,934                      | 49,768                          | 72,852               |
| Transfers in   | 5,956,030                                      | 2,055,594                      | 207,875                     | 9,854,054                       | 18,073,553           |
| Transfers out  | (3,179,728)                                    | (11,711,431)                   | (2,738,663)                 | (7,611,973)                     | (25,241,795)         |
| Insurance recovery   | 66,910   | -                              | 14,200                      | 25,178                          | 106,288              |
| Sale of capital assets   | 164,172  | -                              | 90,500                      | 105,764                         | 360,436              |
| Total Other Financing Sources (Uses)                                 | <u>3,275,548</u>                               | <u>(5,613,418)</u>             | <u>1,026,138</u>            | <u>5,820,387</u>                | <u>4,508,655</u>     |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | <u>(386,595)</u>                               | <u>1,967,868</u>               | <u>(3,617,012)</u>          | <u>2,817,659</u>                | <u>781,920</u>       |
| <b>FUND BALANCES, BEGINNING</b>                                      | <u>15,809,934</u>                              | <u>4,081,662</u>               | <u>13,532,125</u>           | <u>25,196,200</u>               | <u>58,619,921</u>    |
| <b>FUND BALANCES, ENDING</b>   | <u>\$ 15,423,339</u>                           | <u>\$ 6,049,530</u>            | <u>\$ 9,915,113</u>         | <u>\$ 28,013,859</u>            | <u>\$ 59,401,841</u> |

See notes to financial statements.

**CITY OF DUBUQUE, IOWA****RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED  
JUNE 30, 2015****EXHIBIT 4-1**

Net change in fund balances - total governmental funds \$ 781,920  
 Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

|  |                    |
|--|--------------------|
| Capital assets expended in governmental funds        | \$ 12,576,084      |
| Transfers of capital assets to enterprise funds      | (420,351)          |
| Contributions from developers and federal government | 273,852            |
| Depreciation expense                                 | <u>(9,140,127)</u> |
|  | 3,289,458          |

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of the asset being disposed. (340,941)

Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred inflows of resources increased (decreased) by these amounts this year:

|                     |                  |
|---------------------|------------------|
| Property tax        | 5,374            |
| Special assessments | (196,630)        |
| Other               | <u>(175,620)</u> |
|                     | 366,876          |

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Also, governmental funds report the effect of issuance discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

|                                  |                  |
|----------------------------------|------------------|
| Debt issuances including premium | (11,238,925)     |
| Debt repayments                  | <u>4,910,735</u> |
|                                  | (6,328,190)      |

Some items 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. These items consist of:

|                                       |                  |
|---------------------------------------|------------------|
| Decrease in accrued interest          | (23,265)         |
| Amortization of bond discount/premium | (12,043)         |
| Decrease in compensated absences      | 138,393          |
| Pension adjustment                    | 3,139,090        |
| Increase in net OPEB liability        | <u>(373,359)</u> |
| Total additional expenses             | 2,868,816        |

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.

|   |                   |
|---|-------------------|
| Change in net position of governmental activities | \$ <u>690,597</u> |
|   | <u>594,784</u>    |

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

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**Business-type Activities-Enterprise Funds**

|   | <b>Sewage<br/>Disposal<br/>Works</b> | <b>Water<br/>Utility</b> | <b>Stormwater<br/>Utility</b> |
|---|--------------------------------------|--------------------------|-------------------------------|
| <b>ASSETS</b>                               |                                      |                          |                               |
| <b>CURRENT ASSETS</b>                       |                                      |                          |                               |
| Cash and pooled cash investments            | \$ 3,377,817                         | \$ 2,698,030             | \$ 443                        |
| Receivables                                 |                                      |                          |                               |
| Accounts                                    | 1,142,144                            | 828,591                  | 361,439                       |
| Accrued interest                            | 5,464                                | 5,477                    | 1,307                         |
| Intergovernmental                           | -                                    | -                        | 1,132,921                     |
| Inventories                                 | -                                    | 775,006                  | -                             |
| Prepaid items                               | 2,270                                | 2,270                    | -                             |
| Total Current Assets                        | 4,527,695                            | 4,309,374                | 1,496,110                     |
| <b>NONCURRENT ASSETS</b>                    |                                      |                          |                               |
| Restricted cash and pooled cash investments | 6,194,096                            | 9,416,082                | 28,282,100                    |
| Capital assets                              |                                      |                          |                               |
| Land  | 167,855                              | 59,898                   | 20,094,469                    |
| Buildings                                   | 72,005,065                           | 9,066,404                | -                             |
| Improvements to other than buildings        | 40,397,221                           | 956,707                  | 54,325,750                    |
| Machinery and equipment                     | 39,521,282                           | 45,841,107               | 1,096,804                     |
| Construction in progress                    | 545,726                              | 1,008,230                | 5,186,790                     |
| Accumulated depreciation                    | (49,921,716)                         | (23,780,026)             | (11,441,751)                  |
| Net Capital Assets                          | 102,715,433                          | 33,152,320               | 69,262,062                    |
| Total Noncurrent Assets                     | 108,909,529                          | 42,568,402               | 97,544,162                    |
| Total Assets                                | 113,437,224                          | 46,877,776               | 99,040,272                    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                                      |                          |                               |
| Pension related deferred outflows           | \$ 165,001                           | \$ 200,314               | \$ 22,813                     |

## Business-type Activities-Enterprise Funds

| Parking Facilities | Transit           | Other Enterprise Funds | Total              | Governmental Activities - Internal Service Funds |
|--------------------|-------------------|------------------------|--------------------|--|
| \$ 1,052,136       | \$ 193,892        | \$ 771,561             | \$ 8,093,879       | \$ 2,730,488                                     |
| 140,996            | 13,549            | 322,474                | 2,809,193          | 313,235  |
| 2,266              | -                 | 1,329                  | 15,843             | 4,235  |
| -                  | 2,151,756         | -                      | 3,284,677          | -  |
| -                  | -                 | -                      | 775,006            | 74,707   |
| 13,151             | -                 | -                      | 17,691             | 6,488  |
| <u>1,208,549</u>   | <u>2,359,197</u>  | <u>1,095,364</u>       | <u>14,996,289</u>  | <u>3,129,153</u>                                 |
| 686,219            | 2,424,570         | 50,000                 | 47,053,067         | -  |
| 2,124,465          | 36,000            | -                      | 22,482,687         | -  |
| 53,261,430         | 1,887,564         | 175,458                | 136,395,921        | -  |
| 2,396,647          | 244,232           | 686,312                | 99,006,869         | -  |
| 2,027,188          | 5,868,714         | 2,195,380              | 96,550,475         | 324,248  |
| 933,817            | 13,333,933        | -                      | 21,008,496         | -  |
| (13,755,987)       | (3,810,022)       | (1,205,023)            | (103,914,525)      | (84,159)   |
| <u>46,987,560</u>  | <u>17,560,421</u> | <u>1,852,127</u>       | <u>271,529,923</u> | <u>240,089</u>                                   |
| <u>47,673,779</u>  | <u>19,984,991</u> | <u>1,902,127</u>       | <u>318,582,990</u> | <u>240,089</u>                                   |
| <u>48,882,328</u>  | <u>22,344,188</u> | <u>2,997,491</u>       | <u>333,579,279</u> | <u>3,369,242</u>                                 |
| \$ 68,438          | \$ 183,752        | \$ 127,814             | \$ 768,132         | \$ 292,189                                       |

(Continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

**Business-type Activities-Enterprise Funds**

|  | <b>Sewage<br/>Disposal<br/>Works</b> | <b>Water<br/>Utility</b> | <b>Stormwater<br/>Utility</b> |
|--|--------------------------------------|--------------------------|-------------------------------|
| <b>LIABILITIES</b>                                 |                                      |                          |                               |
| <b>CURRENT LIABILITIES</b>                         |                                      |                          |                               |
| Accounts payable                                   | \$ 488,397                           | \$ 145,571               | \$ 847,146                    |
| Accrued payroll                                    | 38,483                               | 42,160                   | 5,472                         |
| Loans payable - current                            | -                                    | -                        | -                             |
| General obligation bonds payable                   | 321,589                              | 376,193                  | 851,565                       |
| Revenue bonds payable                              | -                                    | 285,000                  | -                             |
| Capital loan notes payable                         | 2,610,000                            | 172,000                  | 341,000                       |
| Accrued compensated absences                       | 16,457                               | -                        | -                             |
| Accrued interest payable                           | 166,746                              | 84,045                   | 155,032                       |
| Due to other funds                                 | -                                    | -                        | 5,171,462                     |
| Total Current Liabilities                          | 3,641,672                            | 1,104,969                | 7,371,677                     |
| <b>NONCURRENT LIABILITIES</b>                      |                                      |                          |                               |
| Loans payable                                      | -                                    | -                        | -                             |
| General obligation bonds payable                   | 9,584,897                            | 12,994,489               | 12,405,162                    |
| Revenue bonds payable                              | -                                    | 5,429,239                | 28,829,193                    |
| Capital loan notes payable                         | 67,368,158                           | 3,172,000                | 11,784,813                    |
| Accrued compensated absences                       | 252,159                              | 337,098                  | 9,668                         |
| Net pension liability                              | 796,293                              | 966,711                  | 110,094                       |
| Net OPEB Liability                                 | 185,534                              | 203,040                  | 40,840                        |
| Total Noncurrent Liabilities                       | 78,187,041                           | 23,102,577               | 53,179,770                    |
| Total Liabilities                                  | 81,828,713                           | 24,207,546               | 60,551,447                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                                      |                          |                               |
| Pension related deferred inflows                   | \$ 303,683                           | \$ 368,676               | \$ 41,986                     |
| <b>NET POSITION</b>                                |                                      |                          |                               |
| Net investment in capital assets                   | 32,747,550                           | 19,166,502               | 39,431,896                    |
| Restricted by bond ordinance/development agreement | 149,990                              | 972,977                  | 3,900,536                     |
| Unrestricted                                       | (1,427,711)                          | 2,362,389                | (4,862,780)                   |
| Total Net Position                                 | \$ 31,469,829                        | \$ 22,501,868            | \$ 38,469,652                 |

See notes to financial statements.

Business-type Activities-Enterprise Funds

| Parking Facilities   | Transit              | Other Enterprise Funds | Total                 | Governmental Activities - Internal Service Funds |
|----------------------|----------------------|------------------------|-----------------------|--|
| \$ 17,179            | \$ 2,403,153         | \$ 16,756              | \$ 3,918,202          | \$ 1,974,782                                     |
| 13,545               | 48,079               | 31,535                 | 179,274               | 38,788   |
| 25,433               | -                    | -                      | 25,433                | -  |
| 686,928              | -                    | 4,627                  | 2,240,902             | -  |
| -                    | -                    | -                      | 285,000               | -  |
| -                    | -                    | -                      | 3,123,000             | -  |
| 3,407                | 1,402                | 1                      | 21,267                | -  |
| 30,134               | -                    | 243                    | 436,200               | -  |
| -                    | -                    | 88                     | 5,171,550             | 26,926   |
| <u>776,626</u>       | <u>2,452,634</u>     | <u>53,250</u>          | <u>15,400,828</u>     | <u>2,040,496</u>                                 |
| 236,622              | -                    | -                      | 236,622               | -  |
| 8,557,492            | -                    | 85,452                 | 43,627,492            | -  |
| -                    | -                    | -                      | 34,258,432            | -  |
| -                    | -                    | -                      | 82,324,971            | -  |
| 67,742               | 5,203                | 270,462                | 942,332               | -  |
| 330,280              | 886,780              | 616,825                | 3,706,983             | 1,410,102  |
| 69,340               | 55,594               | 166,807                | 721,155               | -  |
| <u>9,261,476</u>     | <u>947,577</u>       | <u>1,139,546</u>       | <u>165,817,987</u>    | <u>1,410,102</u>                                 |
| <u>10,038,102</u>    | <u>3,400,211</u>     | <u>1,192,796</u>       | <u>181,218,815</u>    | <u>3,450,598</u>                                 |
| \$ 125,959           | \$ 338,192           | \$ 235,239             | \$ 1,413,735          | \$ 537,772                                       |
| 37,818,710           | 17,560,421           | 1,762,047              | 148,487,126           | 240,090  |
| 348,595              | 2,424,570            | -                      | 7,796,668             | -  |
| 619,400              | (1,195,454)          | (64,777)               | (4,568,933)           | (567,029)  |
| <u>\$ 38,786,705</u> | <u>\$ 18,789,537</u> | <u>\$ 1,697,270</u>    | <u>\$ 151,714,861</u> | <u>\$ (326,939)</u>                              |

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

|   | Business-type Activities-Enterprise Funds |                      |                       |
|---|---|----------------------|-----------------------|
|   | Sewage<br>Disposal<br>Works               | Water<br>Utility     | Stormwater<br>Utility |
| <b>OPERATING REVENUES</b>   |   |                      |                       |
| Charges for sales and services                                      | \$ 10,580,296                             | \$ 7,431,131         | \$ 3,476,425          |
| Other   | 1,540                                     | 32,299               | 13,615                |
| <b>Total Operating Revenues</b>                                     | <b>10,581,836</b>                         | <b>7,463,430</b>     | <b>3,490,040</b>      |
| <b>OPERATING EXPENSES</b>   |   |                      |                       |
| Employee expense  | 3,671,426                                 | 3,201,450            | 1,277,125             |
| Utilities   | 523,936                                   | 583,443              | 8,551                 |
| Repairs and maintenance   | 552,733                                   | 243,416              | 44,414                |
| Supplies and services   | 2,078,117                                 | 2,181,953            | 794,444               |
| Insurance   | 123,649                                   | 112,081              | 37,060                |
| Depreciation  | 3,313,312                                 | 957,749              | 735,502               |
| <b>Total Operating Expenses</b>                                     | <b>10,263,173</b>                         | <b>7,280,092</b>     | <b>2,897,096</b>      |
| <b>OPERATING INCOME (LOSS)</b>                                      | <b>318,663</b>                            | <b>183,338</b>       | <b>592,944</b>        |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                             |   |                      |                       |
| Intergovernmental   | -   | 95,840               | 3,320,801             |
| Investment earnings   | 47,098                                    | 51,381               | 60,669                |
| Contributions   | 71,691                                    | -                    | 26,257                |
| Interest expense  | (1,750,943)                               | (520,301)            | (1,233,640)           |
| Gain on disposal of assets  | 5,520                                     | 1,051                | -                     |
| <b>Net Nonoperating Revenues (Expenses)</b>                         | <b>(1,626,634)</b>                        | <b>(372,029)</b>     | <b>2,174,087</b>      |
| <b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS<br/>AND TRANSFERS</b> | <b>(1,307,971)</b>                        | <b>(188,691)</b>     | <b>2,767,031</b>      |
| <b>CAPITAL CONTRIBUTIONS</b>  | <b>217,747</b>                            | <b>220,851</b>       | <b>109,551</b>        |
| TRANSFERS IN  | 16,844                                    | 375,429              | 4,438,654             |
| TRANSFERS OUT   | (4,124,333)                               | -                    | (309,638)             |
| <b>CHANGE IN NET POSITION</b>                                       | <b>(5,197,713)</b>                        | <b>407,589</b>       | <b>7,005,598</b>      |
| <b>NET POSITION, BEGINNING, AS RESTATED</b>                         | <b>36,667,542</b>                         | <b>22,094,279</b>    | <b>31,464,054</b>     |
| <b>NET POSITION, ENDING</b>   | <b>\$ 31,469,829</b>                      | <b>\$ 22,501,868</b> | <b>\$ 38,469,652</b>  |

See notes to financial statements.

| Business-type Activities-Enterprise Funds |                      |                        |                       |                     | Governmental Activities-Internal Service Funds |
|---|----------------------|------------------------|-----------------------|---------------------|--|
| Parking Facilities                        | Transit              | Other Enterprise Funds | Total                 |                     |  |
| \$ 2,761,238                              | \$ 333,678           | \$ 3,976,065           | \$ 28,558,833         | \$ 15,641,634       |  |
| 274,976                                   | 63,867               | 39,699                 | 425,996               | 62,873              |  |
| <u>3,036,214</u>                          | <u>397,545</u>       | <u>4,015,764</u>       | <u>28,984,829</u>     | <u>15,704,507</u>   |  |
| 918,605                                   | 1,934,112            | 2,546,981              | 13,549,699            | 3,231,330           |  |
| 254,034                                   | 54,816               | 18,122                 | 1,442,902             | 30,385              |  |
| 303,737                                   | 363,103              | 250,635                | 1,758,038             | 32,288              |  |
| 286,350                                   | 1,300,264            | 892,725                | 7,533,853             | 11,757,925          |  |
| 92,961                                    | 41,929               | 20,441                 | 428,121               | 259,552             |  |
| <u>1,095,878</u>                          | <u>551,599</u>       | <u>282,883</u>         | <u>6,936,923</u>      | <u>28,337</u>       |  |
| <u>2,951,565</u>                          | <u>4,245,823</u>     | <u>4,011,787</u>       | <u>31,649,536</u>     | <u>15,339,817</u>   |  |
| 84,649                                    | (3,848,278)          | 3,977                  | (2,664,707)           | 364,690             |  |
| 121,569                                   | 7,600,971            | -                      | 11,139,181            | -                   |  |
| 4,875                                     | 15,674               | 5,659                  | 185,356               | 20,142              |  |
| 73,062                                    | 28,910               | -                      | 199,920               | -                   |  |
| (431,854)                                 | -                    | (3,058)                | (3,939,796)           | -                   |  |
| <u>-</u>                                  | <u>-</u>             | <u>-</u>               | <u>6,571</u>          | <u>5,765</u>        |  |
| <u>(232,348)</u>                          | <u>7,645,555</u>     | <u>2,601</u>           | <u>7,591,232</u>      | <u>25,907</u>       |  |
| (147,699)                                 | 3,797,277            | 6,578                  | 4,926,525             | 390,597             |  |
| 420,351                                   | -                    | -                      | 968,500               | -                   |  |
| 1,183,123                                 | 5,600,037            | 73,867                 | 11,687,954            | 300,000             |  |
| (385,741)                                 | -                    | -                      | (4,819,712)           | -                   |  |
| 1,070,034                                 | 9,397,314            | 80,445                 | 12,763,267            | 690,597             |  |
| <u>37,716,671</u>                         | <u>9,392,223</u>     | <u>1,616,825</u>       | <u>138,951,594</u>    | <u>(1,017,536)</u>  |  |
| <u>\$ 38,786,705</u>                      | <u>\$ 18,789,537</u> | <u>\$ 1,697,270</u>    | <u>\$ 151,714,861</u> | <u>\$ (326,939)</u> |  |

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2015**

|   | Business-type Activities-   |                      |                       |                       |
|---|-----------------------------|----------------------|-----------------------|-----------------------|
|   | Sewage<br>Disposal<br>Works | Water<br>Utility     | Stormwater<br>Utility | Parking<br>Facilities |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |                             |                      |                       |                       |
| Cash received from customers  | \$ 10,536,955               | \$ 7,400,714         | \$ 3,436,192          | \$ 2,762,285          |
| Cash payments to suppliers for goods and services                               | (4,028,561)                 | (3,218,984)          | (208,748)             | (1,059,212)           |
| Cash payments to employees for services   | (3,721,403)                 | (3,222,905)          | (1,280,850)           | (936,427)             |
| Other operating receipts  | 1,540                       | 32,299               | 13,615                | 274,976               |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>                     | <b>2,788,531</b>            | <b>991,124</b>       | <b>1,960,209</b>      | <b>1,041,622</b>      |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                          |                             |                      |                       |                       |
| Transfers from other funds  | 16,844                      | 375,429              | 4,438,654             | 1,183,123             |
| Transfers to other funds  | (4,124,333)                 | -                    | (309,638)             | (385,741)             |
| Proceeds from interfund balances  | -                           | -                    | 353,923               | -                     |
| Payment of interfund balances   | -                           | -                    | -                     | -                     |
| Intergovernmental grant proceeds  | -                           | -                    | -                     | -                     |
| <b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>          | <b>(4,107,489)</b>          | <b>375,429</b>       | <b>4,482,939</b>      | <b>797,382</b>        |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                 |                             |                      |                       |                       |
| Proceeds from sale of capital assets  | 5,520                       | 1,051                | -                     | -                     |
| Acquisition and construction of capital assets                                  | (162,731)                   | (753,841)            | (10,675,903)          | (388,543)             |
| Proceeds from issuance of debt  | 9,118,934                   | 9,195,000            | 22,976,088            | 490,000               |
| Premium on debt issuance  | 1,219                       | 130,000              | (127,444)             | 1,321                 |
| Payment of debt   | (2,919,539)                 | (942,975)            | (1,163,216)           | (872,381)             |
| Interest paid   | (1,708,965)                 | (345,971)            | (1,171,881)           | (435,696)             |
| Contributions   | 289,438                     | -                    | 26,257                | 73,062                |
| Intergovernmental grant proceeds  | -                           | 95,840               | 2,251,481             | 121,569               |
| <b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <b>4,623,876</b>            | <b>7,379,104</b>     | <b>12,115,382</b>     | <b>(1,010,668)</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |                             |                      |                       |                       |
| Interest received   | 59,133                      | 55,017               | 59,362                | 4,547                 |
| <b>NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS</b>                   | <b>3,364,051</b>            | <b>8,800,674</b>     | <b>18,617,892</b>     | <b>832,883</b>        |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING</b>                                     | <b>6,207,862</b>            | <b>3,313,438</b>     | <b>9,664,651</b>      | <b>905,472</b>        |
| <b>CASH AND CASH EQUIVALENTS, ENDING</b>  | <b>\$ 9,571,913</b>         | <b>\$ 12,114,112</b> | <b>\$ 28,282,543</b>  | <b>\$ 1,738,355</b>   |

**EXHIBIT 7**

| Enterprise Funds    |                        |                      |                     | Governmental Activities-Internal Service Funds |
|---------------------|------------------------|----------------------|---------------------|--|
| Transit System      | Other Enterprise Funds | Total                |                     |  |
| \$ 322,314          | \$ 3,963,556           | \$ 28,422,016        | \$ 15,427,564       |  |
| (2,280,570)         | (1,206,189)            | (12,002,264)         | (11,895,435)        |  |
| (1,973,376)         | (2,598,149)            | (13,733,110)         | (3,328,954)         |  |
| <u>63,867</u>       | <u>39,699</u>          | <u>425,996</u>       | <u>62,873</u>       |  |
| <u>(3,867,765)</u>  | <u>198,917</u>         | <u>3,112,638</u>     | <u>266,048</u>      |  |
| <br>5,600,037       | <br>73,867             | <br>11,687,954       | <br>300,000         |  |
| -                   | -                      | (4,819,712)          | -                   |  |
| -                   | -                      | 353,923              | 2,057               |  |
| (38,181)            | (34,728)               | (72,909)             | (137,249)           |  |
| <u>6,454,045</u>    | <u>-</u>               | <u>6,454,045</u>     | <u>-</u>            |  |
| <u>12,015,901</u>   | <u>39,139</u>          | <u>13,603,301</u>    | <u>164,808</u>      |  |
| <br>-               | <br>-                  | <br>6,571            | <br>5,765           |  |
| (9,244,958)         | -                      | (21,225,976)         | (217,727)           |  |
| -                   | -                      | 41,780,022           | -                   |  |
| -                   | -                      | 5,096                | -                   |  |
| -                   | (4,507)                | (5,902,618)          | -                   |  |
| -                   | (3,058)                | (3,665,571)          | -                   |  |
| -                   | -                      | 417,667              | -                   |  |
| <u>28,910</u>       | <u>-</u>               | <u>2,468,890</u>     | <u>-</u>            |  |
| <u>(9,216,048)</u>  | <u>(7,565)</u>         | <u>13,884,081</u>    | <u>(211,962)</u>    |  |
| <br>15,674          | <br>6,540              | <br>200,273          | <br>25,305          |  |
| <br>(1,052,238)     | <br>237,031            | <br>30,800,293       | <br>244,199         |  |
| <br>3,670,700       | <br>584,530            | <br>24,346,653       | <br>2,486,289       |  |
| <u>\$ 2,618,462</u> | <u>\$ 821,561</u>      | <u>\$ 55,146,946</u> | <u>\$ 2,730,488</u> |  |

(Continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2015**

|  | Business-type Activities -  |                   |                       |                       |
|--|-----------------------------|-------------------|-----------------------|-----------------------|
|  | Sewage<br>Disposal<br>Works | Water<br>Utility  | Stormwater<br>Utility | Parking<br>Facilities |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED BY (USED FOR) OPERATING<br/>ACTIVITIES</b> |                             |                   |                       |                       |
| Operating income (loss)  |                             |                   |                       |                       |
|  | \$ 318,663                  | \$ 183,338        | \$ 592,944            | \$ 84,649             |
| Adjustments to reconcile operating income (loss) to net<br>cash provided by (used for) operating activities      |                             |                   |                       |                       |
| Depreciation   | 3,313,312                   | 957,749           | 735,502               | 1,095,878             |
| Change in assets and liabilities   |                             |                   |                       |                       |
| (Increase) decrease in receivables   | (43,341)                    | (30,417)          | (40,233)              | 1,047                 |
| (Increase) decrease in inventories and prepaid items   | (2,340)                     | (22,476)          | -                     | (625)                 |
| Increase (decrease) in accounts payable  | (747,786)                   | (75,615)          | 675,721               | (121,505)             |
| Increase (decrease) in accrued liabilities   | (12,656)                    | 25,301            | 625                   | (2,236)               |
| Increase (decrease) net pension liability  | (311,956)                   | (378,720)         | (43,130)              | (129,391)             |
| (Increase) in deferred outflows  | (47,674)                    | (57,878)          | (6,592)               | (19,774)              |
| Increase (decrease) in deferred inflows  | 303,683                     | 368,676           | 41,986                | 125,959               |
| Increase in net OPEB liability   | 18,626                      | 21,166            | 3,386                 | 7,620                 |
| Total Adjustments  | <u>2,469,868</u>            | <u>807,786</u>    | <u>1,367,265</u>      | <u>956,973</u>        |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING<br/>ACTIVITIES</b>  |                             |                   |                       |                       |
|  | <u>\$ 2,788,531</u>         | <u>\$ 991,124</u> | <u>\$ 1,960,209</u>   | <u>\$ 1,041,622</u>   |
| <b>NONCASH CAPITAL AND RELATED FINANCING<br/>ACTIVITIES</b>  |                             |                   |                       |                       |
| Contribution of capital assets from outside sources  | <u>\$ 217,747</u>           | <u>\$ 220,851</u> | <u>\$ 109,551</u>     | <u>\$ -</u>           |
| Contributions of capital assets from Governmental Activities   | <u>\$ -</u>                 | <u>\$ -</u>       | <u>\$ -</u>           | <u>\$ 420,351</u>     |

See notes to financial statements.

**EXHIBIT 7**  
**(Continued)**

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| Enterprise Funds      |                              |                     | Governmental<br>Activities-<br>Internal<br>Service Funds |
|-----------------------|------------------------------|---------------------|--|
| Transit<br>System     | Other<br>Enterprise<br>Funds | Total               |  |
| \$ (3,848,278)        | \$ 3,977                     | \$ (2,664,707)      | \$ 364,690   |
| 551,599               | 282,883                      | 6,936,923           | 28,337   |
| (11,364)              | (12,509)                     | (136,817)           | (214,070)  |
| -                     | -                            | (25,441)            | 68,005   |
| (520,458)             | (24,266)                     | (813,909)           | 116,711  |
| 12,037                | (24,761)                     | (1,690)             | 1,450  |
| (347,406)             | (241,648)                    | (1,452,251)         | (552,422)  |
| (53,093)              | (36,930)                     | (221,941)           | (84,424)   |
| 338,192               | 235,239                      | 1,413,735           | 537,772  |
| 11,006                | 16,932                       | 78,736              | -  |
| <u>(19,487)</u>       | <u>194,940</u>               | <u>5,777,345</u>    | <u>(98,641)</u>  |
| <u>\$ (3,867,765)</u> | <u>\$ 198,917</u>            | <u>\$ 3,112,638</u> | <u>\$ 266,049</u>  |
| <u>\$ -</u>           | <u>\$ -</u>                  | <u>\$ 548,149</u>   | <u>\$ -</u>  |
| <u>\$ -</u>           | <u>\$ -</u>                  | <u>\$ 420,351</u>   | <u>\$ -</u>  |

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2015**

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**EXHIBIT 8**

|                                  | Agency<br>Funds     |
|----------------------------------|---------------------|
| <b>ASSETS</b>                    |                     |
| Cash and pooled cash investments | \$ 1,308,018        |
| Accounts receivable              | 51,078              |
| Accrued interest                 | <u>1,080</u>        |
| Total Assets                     | <u>\$ 1,360,176</u> |
| <b>LIABILITIES</b>               |                     |
| Due to other agency              | \$ 1,360,176        |
| Total Liabilities                | <u>\$ 1,360,176</u> |

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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The notes to financial statements contain a summary of significant accounting policies and other notes considered necessary for an understanding of the financial statements of the City and are an integral part of this report. The index to the notes is as follows:

1. Summary of Significant Accounting Policies
2. Deficit Fund Equity
3. Cash on Hand, Deposits, and Investments
4. Notes Receivable
5. Interfund Balances and Transfers
6. Capital Assets
7. Long-Term Debt
8. Risk Management
9. Commitments and Contingent Liabilities
10. Other Postemployment Benefits (OPEB)
11. Employee Retirement Systems
12. Landfill Closure and Postclosure Care
13. Leases Where City is Lessor
14. Accounting Change / Restatement
15. Prospective Accounting Pronouncements

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The City of Dubuque, Iowa, is a municipal corporation governed by an elected mayor and a six-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City has no blended component units. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City.

**Discretely Presented Component Units**

The Dubuque Metropolitan Area Solid Waste Agency was created under the provisions of Chapter 28E of the Code of Iowa by the City of Dubuque and Dubuque County. The purpose of the Agency is to provide solid waste management for the Dubuque metropolitan area. The City appoints a voting majority of the Agency's governing board and has authority over those persons responsible for the day-to-day operations of the Agency. The Agency is presented as a proprietary fund type and has a June 30 year end. During the year ended June 30, 2015, \$409,651 of the Dubuque Metropolitan Area Solid Waste Agency's charges for services were related to services provided to the City of Dubuque.

Dubuque Initiatives and Subsidiaries is a non-profit corporation organized under the laws of Iowa and Section 501(c)(3) of the Internal Revenue Code. The Organization was created to render service to the City Council of the City of Dubuque, Iowa, on matters of community interest. The Organization's articles require that its board members include two city council members, the mayor, and the city manager of the City of Dubuque, Iowa; and in the event of dissolution, any assets or property of the Organization be transferred to the City of Dubuque, Iowa. During the fiscal year 2009, the City of Dubuque, Iowa guaranteed debt issued by Dubuque Initiatives and Subsidiaries for the rehabilitation of the Roshek Building. The Organization is presented as a proprietary fund type and has a December 31 year end.

Dubuque Convention and Visitors Bureau is a non-profit corporation organized under the laws of Iowa and Section 501(c)(3) of the Internal Revenue Code. The Organization's purpose is to strengthen the Dubuque area economy by competitively marketing the area as a destination for conventions, tour groups, sporting events and individual travelers. The Organization's articles require that its board members include one City Council member, the City of Dubuque Mayor and the City Manager. In the event of dissolution, any assets or property of the Organization shall be distributed to the City of Dubuque, Iowa after paying or making provision for the payment of all liabilities of the Corporation. The City collects hotel/motel taxes and forwards 50% to the CVB as the primary source of funds for its operations. The CVB is presented as a governmental fund type and has a June 30 year end.

Dubuque Initiatives and Subsidiaries and the Dubuque Convention and Visitors Bureau present their financial information in accordance with the Financial Accounting Standards Board (FASB).

Complete financial statements for the Component Units may be obtained from the City of Dubuque's Finance Department for the Dubuque Metropolitan Area Solid Waste Agency and Dubuque Area Convention and Visitors Bureau, and the Economic Development Office for Dubuque Initiatives and Subsidiaries. These offices are located at: City Hall, 50 West 13<sup>th</sup> Street, Dubuque, Iowa 52001.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions:

City of Dubuque Conference Board  
Dubuque County E-911 Committee  
Dubuque Drug Task Force

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. *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 or segment and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and a fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period (year-end).

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest, special assessments, and grants are susceptible to accrual. Sales taxes are considered measurable and available at the time the underlying transaction occurs, provided they are collected by the City within 60 days after year-end. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Tax Increment Financing Fund* is used to account for the receipt of property taxes, for the payment of projects within the tax increment financing district, and for the payment of remaining principal and interest costs on the tax increment financing districts' long-term debt service.

The *General Construction Fund* is used to account for the resources and costs related to nonassignable capital improvements.

The City reports the following major proprietary funds:

The *Sewage Disposal Works Fund* is used to account for the operations of the City's sewage disposal works and services.

The *Water Utility Fund* is used to account for the operations of the City's water facilities and services.

The *Stormwater Utility Fund* is used to account for the operations of the City's stormwater services.

The *Parking Facilities Fund* is used to account for the operations of the City-owned parking ramps and other parking facilities.

The *Transit System Fund* is used to account for the operations of the City's bus and other transit services.

Additionally, the City reports the internal service fund type. *Internal service funds* are used to account for general, garage, stores/printing, health insurance, and worker's compensation insurance services provided by one department to other departments of the City on a cost-reimbursement basis. These funds cannot be used to support City activities. Fiduciary funds, other than agency funds, use the *economic resources measurement focus* and the *full accrual basis of accounting*. Agency funds use the *full accrual basis of accounting* but do not have a measurement focus and therefore report only assets and liabilities. The City reports Agency Funds to account for assets held by the City as an agent under the cable franchise agreement and for the Dubuque Racing Association.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity**

*Deposits and Investments*

The City's cash, pooled cash investments, and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value or amortized cost. Amortized cost is used only for money market investments that have a remaining maturity at time of purchase of one year or less.

*Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property tax receivable is recognized in the funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Current year delinquent property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2015, and 2015 unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year.

By statute, the City is required to certify its budget to the County Auditor by March 15 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 taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The tax levy is divided into two billings. The billings are due September 1 and March 1. On September 30 and March 31, the bill becomes delinquent, and penalties and interest may be assessed by the City.

*Inventories and Prepaid Items*

Inventories included in the governmental funds are valued at cost using the first-in first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of materials and supplies in the enterprise funds are determined by actual count and priced on the FIFO method.

Inventories included in internal service funds are stated at the lower of cost (FIFO method) or market and consist of consumable supplies. The cost of these supplies is recorded as an expense at the time they are removed from inventory for use.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The costs of governmental fund prepaids are recorded as expenditures when consumed rather than when purchased.

*Restricted Assets*

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The "revenue bond operating" account is used to report resources set aside to subsidize potential deficiencies from the enterprise fund's operation that could adversely affect debt service payments. The "revenue bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account.

Certain assets of the special revenue funds and capital project funds are classified as restricted assets because their use is limited by debt agreement, the City's cable television franchise agreement, or Iowa Finance Authority housing program agreement.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Certain assets of the Dubuque Metropolitan Area Solid Waste Agency are classified as restricted assets because their use is restricted by state statute for certain specified uses.

*Capital Assets*

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position and in the proprietary funds statement of net position. Capital assets are defined by the government as assets with an initial, individual cost of more than \$100,000 for infrastructure and intangible assets, \$20,000 for building assets, and \$10,000 for the remaining assets, and an estimated useful life of more than one year. Such 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 not adding to the value of the asset or materially extending asset lives are not capitalized. All of the City's infrastructure has been recorded, including infrastructure acquired prior to June 30, 1980.

Major outlays for capital assets and improvements are capitalized as projects are constructed. There was no interest incurred during the construction phase of capital assets of business-type activities to capitalize with the value of the assets constructed in the current year.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using straight-line method over the following estimated useful lives:

| Assets                            | Years     |
|-----------------------------------|-----------|
| Buildings                         | 40 to 125 |
| Improvements other than buildings | 15 to 50  |
| Machinery and equipment           | 2 to 30   |
| Infrastructure and intangibles    | 15 to 75  |

*Deferred Outflows of Resources*

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

*Compensated Absences*

The City allows employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. Vacation pay is payable to employees upon retirement or termination. Sick pay is payable only upon retirement, in which event, employees with twenty years or more of service are paid 100% of their accrued sick leave balance over a five year period. All vacation pay and applicable sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Long-Term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refunding are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Pensions*

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

*Deferred inflows of Resources*

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied, and unrecognized items not yet charged to pension expense.

*Net Position/Fund Balance*

The Dubuque Metropolitan Area Solid Waste Agency's restricted net position represents outside third-party restrictions and amounts restricted for minority interest of the Agency. The Agency is restricted to using certain amounts for purposes specified by state statute. The net position restricted for minority interest is calculated at 22.7% of unrestricted net position, based on the 1976 revenue bond resolution authorizing the issuance of revenue bonds for the construction of the landfill.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In the government-wide and proprietary fund financial statements, net position is displayed in three components as follows:

- Net investment in capital assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds were \$10,595,043 for the governmental activities and \$39,206,400 for business-type activities.
- Restricted: This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation as of June 30, 2015 consists of \$25,531 for debt service and \$27,771 for employee benefits. All other restrictions are by outside parties through grants, debt agreements or donors.
- Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

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

- Nonspendable: Nonspendable fund balances cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.
- Restricted: Restricted fund balances are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantor or state or federal laws or imposed by law through constitutional provisions or enabling legislation.
- Committed: Committed fund balances can be used only for specific purposes determined pursuant to constraints formally imposed by the City Council through resolution approved prior to year-end.
- Assigned: Assigned fund balances contain self-imposed constraints of the government to be used for a particular purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has by resolution delegated the authority to the City Manager, Budget Director, and Finance Director.
- Unassigned: Unassigned fund balances are amounts not included in the other spendable classifications.

When an expenditure is incurred for purposes for which amounts in the committed, assigned, or unassigned fund balance classifications could be used, the City first considers the committed to be spent and then the assigned and unassigned, respectively.

The budget guideline of the City of Dubuque maintains a General Fund working balance or operating reserve of 10% of the total General Fund operating budget requirements. An operating reserve or working balance must be carried into a fiscal year to pay operating costs until tax money, or other anticipated revenue is received.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The State of Iowa recommends a reasonable amount for a working balance as (a) anticipated revenues for the first three months of the fiscal year, less anticipated expenditures or (b) 5% of the total General Fund operating budget, excluding fringes and tort liability expenses.

The City's rating agency, Moody's Investor Service, recommends a reserve balance of at least 10% for "A" rated cities. This is based on the fact that a large portion of the revenue sources are beyond the City's control and therefore uncertain.

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

As of July 1, 2014, the City of Dubuque, Iowa adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 14 and the additional disclosures required by these standards are included in Note 11.

*Budgets and Budgetary Accounting*

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

*Other Significant Accounting Policies*

Other significant accounting policies are set forth in the financial statements and the notes thereto.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 2 – DEFICIT FUND EQUITY**

The following funds have deficit net position amounts as of June 30, 2015:

|                               |    |           |
|-------------------------------|----|-----------|
| America's River Project       | \$ | 2,015     |
| Internal Service Funds        |    |           |
| Garage Service                | \$ | 35,170    |
| General Service               | \$ | 1,277,273 |
| Workers' Compensation Reserve | \$ | 574,716   |

The General Service and Garage Service deficit will be addressed during next fiscal year's reallocation of expenses. The Worker's Compensation Reserve deficit is a result of a number of projected settlements at fiscal year-end that will be paid during next fiscal year with additional funding to cover.

**NOTE 3 – CASH ON HAND, DEPOSITS, AND INVESTMENTS**

**Cash on Hand.** Cash on hand represents authorized change funds and petty cash funds used for current operating purposes. The carrying amount at year-end was \$14,221 for the City and \$1,200 for the Dubuque Metropolitan Area Solid Waste Agency.

**Deposits.** At year-end, the City's carrying amount of deposits was \$68,167,137, and the bank balance was \$69,484,501. The City's deposits in banks at June 30, 2015, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was \$9,825,330, and the bank balance was \$10,128,391. The Agency's deposits in banks at June 30, 2015, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 3 – CASH ON HAND, DEPOSITS, AND INVESTMENTS (continued)**

**Investments.** As of June 30, 2015, the City had the following investments and maturities. (The City assumes callable bonds will not be called):

| Investment Type            | Investment Maturities (In Years) |                      |                   |                     |            | Total                |
|----------------------------|----------------------------------|----------------------|-------------------|---------------------|------------|----------------------|
|                            | Less Than 1                      | 1 to 5               | 6 to 10           | More than 10        |            |                      |
| Money Market Funds-        |                                  |                      |                   |                     |            |                      |
| U.S. Treasury              | \$ 994,180                       | \$ -                 | \$ -              | \$ -                | \$ 994,180 |                      |
| U.S. Treasury Securities   | 4,051,904                        | 1,918,892            | -                 | 2,628,005           |            | 8,598,801            |
| Federal Agency Obligations | 2,666,096                        | 10,903,045           | 708,705           | 3,265,136           |            | 17,542,982           |
| Managed Accounts -         |                                  |                      |                   |                     |            |                      |
| Long-term CDs              | -                                | 1,391,069            | -                 | -                   |            | 1,391,069            |
| Corporate Stock            | 94,480                           | -                    | -                 | -                   |            | 94,480               |
| Corporate Bonds            | 574,677                          | -                    | -                 | -                   |            | 574,677              |
|                            | <u>\$ 8,381,337</u>              | <u>\$ 14,213,006</u> | <u>\$ 708,705</u> | <u>\$ 5,893,141</u> |            | <u>\$ 29,196,189</u> |

The City and the Dubuque Metropolitan Solid Waste Agency are 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 City Council or Board of Trustees and the Treasurer of the State of Iowa; 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.

Corporate stock was donated in 1957 to the City to establish the Ella Lyons Peony Trail Permanent Trust Fund.

*Interest Rate Risk.* The City'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 instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

*Credit Risk.* The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year. The City's investments in Money Market Funds and US Agencies were rated AAA.

*Concentration of Credit Risk.* The City'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 City 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 City's deposits may not be returned to it. The City'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 City will not be able to recover the value of its investments or collateral securities

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 3 – CASH ON HAND, DEPOSITS, AND INVESTMENTS (continued)**

that are in the possession of an outside party. The City had no custodial risk with regards to investments, since all investments were held by the City or its agent in the City's name.

Due to legal and budgetary reasons, the General Fund is assigned a portion of the investments earnings associated with other funds. These funds are the employee benefits, community development, tort liability, road use tax, cable TV, general construction, transit system, general service, garage service, and stores/printing funds.

The Dubuque Metropolitan Area Solid Waste Agency had no investments at June 30, 2015.

A reconciliation of cash and investments as shown on the government-wide statement of net position for the primary government and statement of fiduciary assets and liabilities follows:

|   |                      |
|---|----------------------|
| Cash on hand  | \$ 14,221            |
| Carrying amount of deposits                               | 68,167,137           |
| Carrying amount of investments                            | 29,196,189           |
| Total   | \$ <u>97,377,547</u> |
|   |                      |
| Government-wide   |                      |
| Cash and pooled cash investments                          | \$ 30,443,765        |
| Cash and pooled cash investments - temporarily restricted | 65,556,352           |
| Cash and pooled cash investments - permanently restricted | 69,412               |
| Fiduciary   |                      |
| Cash and pooled cash investments                          | \$ 1,308,018         |
| Total   | \$ <u>97,377,547</u> |

A reconciliation of cash and investments as shown on the government-wide statement of net position for the Dubuque Metropolitan Solid Waste Agency follows:

|   |                     |
|---|---------------------|
| Cash on hand  | \$ 1,200            |
| Carrying amount of deposits                               | 9,825,330           |
| Total   | \$ <u>9,826,530</u> |
|   |                     |
| Cash and pooled cash investments                          | \$ 1,225,447        |
| Cash and pooled cash investments - temporarily restricted | 8,601,083           |
| Total   | \$ <u>9,826,530</u> |

A reconciliation of cash and investments as shown on the government-wide statement of net position for the Dubuque Initiatives and Subsidiaries (December 31, 2014) follows:

|   |                     |
|---|---------------------|
| Deposits  | \$ 563,638          |
| Investment in Dubuque Food Coop                         | 200,000             |
| Repurchase agreement                                    | 1,438,109           |
| Beneficial interest in assets held by others            | 1,205,495           |
| Total   | \$ <u>3,407,242</u> |
|   |                     |
| Cash and pooled cash investments                        | \$ 2,001,747        |
| Cash and pooled cash investments-temporarily restricted | 1,405,495           |
| Total   | \$ <u>3,407,242</u> |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 4 – NOTES RECEIVABLE**

The City provides low interest and low interest loans to promote economic and community development, provide opportunities for home ownership to low and moderate income citizens and improve rental properties for low income citizens. Loans may contain a forgivable portion if recipient meets specific conditions such as job creation for economic development or residency requirements community development. Loans are secured by mortgage liens against the property.

At June 30, 2015 the City had the follow notes receivable.

**Economic Development Notes Receivable:**

|   | Original Balance | Interest Rate | Issued | Maturity  | Balance             | Current Portion   |
|---|------------------|---------------|--------|-----------|---------------------|-------------------|
| <b>Downtown Rehabilitation Loan Program</b> |                  |               |        |           |                     |                   |
| At Last Fluid Power Co.                     | \$ 17,200        | 3 %           | 1998   | 6/1/2018  | \$ 4,084            | \$ 1,321          |
| Butt's Florist, Inc.                        | 300,000          | 3             | 2011   | 7/1/2031  | 294,000             | 8,820             |
| Clark Wolff                                 | 150,000          | 3             | 2001   | 5/1/2022  | 62,284              | 8,227             |
| Dubuque Museum of Art                       | 300,000          | 3             | 1999   | 7/1/2021  | 151,200             | 23,001            |
| Grand Opera House #1-02                     | 73,000           | 3             | 2002   | 2/1/2023  | 41,386              | 4,875             |
| Greenfield, Jane                            | 188,000          | 3             | 1998   | 10/1/2019 | 63,163              | 13,857            |
| Gronen Adaptive                             | 300,000          | 2             | 2006   | 5/1/2036  | 190,884             | 7,425             |
| Hartig Realty III, L.C.                     | 300,000          | 3             | 2009   | 9/1/2029  | 268,786             | 15,349            |
| Interstate Building LLLP                    | 300,000          | 3             | 2010   | 9/22/2015 | 300,000             | 12,015            |
| James Madison, Inc.                         | 300,000          | 3             | 2008   | 9/18/2028 | 132,453             | 132,453           |
| Lower Main Development, LLC                 | 300,000          | 3             | 2006   | 3/1/2026  | 159,070             | 11,965            |
| Moore, Jorga                                | 55,442           | 3             | 1999   | 5/1/2019  | 17,289              | 4,142             |
| Security Partners, L.P.                     | 300,000          | 3             | 2001   | 8/1/2021  | 53,456              | 14,002            |
| Town Clock Building Co.                     | 300,000          | 3             | 2001   | 8/1/2021  | 135,133             | 20,255            |
| <b>Urban Development</b>                    |                  |               |        |           |                     |                   |
| Action Grant                                |                  |               |        |           |                     |                   |
| 40 Main, LLC - Note A                       | 300,000          | -             | 2009   | 7/1/2016  | 300,000             | -                 |
| <b>Downtown Housing Incentive Loan</b>      |                  |               |        |           |                     |                   |
| Caradco Landlord, LLC                       | 4,500,000        | 3             | 2012   | 6/1/2030  | 4,500,000           | -                 |
| 40 Main Real Estate Loan                    | 156,583          | -             | 2009   | 11/1/2015 | 156,583             | -                 |
| <b>Sales Tax Construction</b>               |                  |               |        |           |                     |                   |
| DB&T Community Development Corporation      | 1,700,000        | -             | 2012   | 2/1/2032  | \$ 1,700,000        | \$ -              |
|   |                  |               |        |           | \$ <u>8,529,771</u> | \$ <u>277,707</u> |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 4 – NOTES RECEIVABLE (continued)**

|   | Interest<br>Rate | Balance             | Current<br>Portion |
|---|------------------|---------------------|--------------------|
| Community Development Installment Loans Receivables           |                  |                     |                    |
| Residential Rehabilitation Installment Loan                   |                  |                     |                    |
| Programs  |                  |                     |                    |
| First Time Home Buyers  | 6 %              | \$ 445,841          | \$ 33,000          |
| Local Housing Assistance Program (LHAP)                       | 6                | 128,943             | 10,000             |
| Homebuyers Assistance Program                                 | 6                | 2,558,711           | 221,000            |
| Infill  | 6                | 309,788             | 7,000              |
| Residential Rehab Program                                     | 6                | 289,389             | 29,000             |
| RRP Reserve   | -                | 45,322              | 1,000              |
| Washington Neighborhood Revitalize                            | -                | 56,782              | 4,032              |
| The Accessibility Rehabilitation Program (for<br>rentals)     | 6                | 636,792             | 78,000             |
| Iowa Finance Authority  | -                | 75,802              | 6,091              |
| HOME Program (1)  | -                | 374,567             | 65,000             |
| Historic Preservation Revolving Loan                          |                  |                     |                    |
| Fund/Historic Preservation Housing Forgivable<br>Loan Program | 6                | <u>90,901</u>       | <u>16,000</u>      |
|   |                  | \$ <u>5,012,838</u> | \$ <u>470,123</u>  |

(1) Principal payments deferred if one tenant is low income

At December 31, 2014, Dubuque Initiatives and Subsidiaries had the following notes receivable:

|   |                      |
|---|----------------------|
| Lower Main Development, 4.00%, unsecured, matures August 2018   | \$ 58,033            |
| City of Dubuque, 5.00%, unsecured, matures July 2023  | 262,055              |
| Roshek Building Investment Fund, LLC, 4.74%, collateralized by a<br>pledge agreement, matures June 2039 | <u>10,079,743</u>    |
| Total notes receivable  | 10,399,831           |
| Less: current maturities  | <u>(27,554)</u>      |
| Noncurrent portion  | \$ <u>10,372,277</u> |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 5 – INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2015, include amounts due to/from other funds and advances due to/from other funds. Interfund balances are as follows:

|                           | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|---------------------------|---------------------------------|-------------------------------|
| Governmental activities:  |                                 |                               |
| General Fund              | \$ 5,533,626                    | \$ -                          |
| Internal Service          | -                               | 26,926                        |
| Tax Increment Financing   | -                               | 335,150                       |
| Business-type activities: |                                 |                               |
| Stormwater Utility        | -                               | 5,171,462                     |
| Nonmajor                  | -                               | 88                            |
|                           | <u>\$ 5,533,626</u>             | <u>\$ 5,533,626</u>           |

These balances result from a time lag between the date that 1) the internal service funds goods and services are provided or reimbursement occurs, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 5 – INTERFUND BALANCES AND TRANSFERS (continued)**

Interfund transfers for the year ended June 30, 2015, consisted of the following:

| Transfer to             | Transfers From      |                         |                      |                       |                      |                     |                    |      | Total                |
|-------------------------|---------------------|-------------------------|----------------------|-----------------------|----------------------|---------------------|--------------------|------|----------------------|
|                         | General             | Tax Increment Financing | General Construction | Nonmajor Governmental | Sewer Disposal Works | Storm Water Utility | Parking Facilities |      |                      |
| General                 | \$ -                | \$ 305,491              | \$ 2,468             | \$ 5,648,071          | \$ -                 | \$ -                | \$ -               | \$ - | \$ 5,956,030         |
| Tax increment financing | 218,808             | -                       | 1,426,652            | 24,393                | -                    | -                   | 385,741            |      | 2,055,594            |
| General construction    | -                   | 143,331                 | -                    | 64,544                | -                    | -                   | -                  |      | 207,875              |
| Non major governmental  | 1,203,794           | 6,865,679               | 378,484              | 1,096,459             | -                    | 309,638             | -                  |      | 9,854,054            |
| Sewer Disposal Works    | 5,697               | -                       | -                    | 11,147                | -                    | -                   | -                  |      | 16,844               |
| Water utility           | -                   | -                       | -                    | 13,965                | 361,464              | -                   | -                  |      | 375,429              |
| Stormwater utility      | 284,668             | -                       | -                    | 391,117               | 3,762,869            | -                   | -                  |      | 4,438,654            |
| Parking Facilities      | 222,387             | 340,000                 | 620,736              | -                     | -                    | -                   | -                  |      | 1,183,123            |
| Transit Systems         | 1,220,784           | 4,056,930               | 310,323              | 12,000                | -                    | -                   | -                  |      | 5,600,037            |
| Nonmajor enterprise     | 23,590              | -                       | -                    | 50,277                | -                    | -                   | -                  |      | 73,867               |
| Internal service fund   | -                   | -                       | -                    | 300,000               | -                    | -                   | -                  |      | 300,000              |
|                         | <u>\$ 3,179,728</u> | <u>\$ 11,711,431</u>    | <u>\$ 2,738,663</u>  | <u>\$ 7,611,973</u>   | <u>\$ 4,124,333</u>  | <u>\$ 309,638</u>   | <u>\$ 385,741</u>  |      | <u>\$ 30,061,507</u> |

Net capital assets of \$420,351 were transferred from governmental capital assets to parking. The transfer was reported as a capital contribution in the Parking Facilities Fund. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) fund capital projects.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 6 – CAPITAL ASSETS**

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

**Primary Government:**

**Governmental activities:**

|  | Beginning<br>Balance | Transfers<br>In | Transfers<br>Out | Increases    | Decreases      | Ending<br>Balance |
|--|----------------------|-----------------|------------------|--------------|----------------|-------------------|
| Capital assets, not being depreciated:       |                      |                 |                  |              |                |                   |
| Land   | \$ 67,080,527        | \$ -            | \$ -             | \$ 2,137,880 | \$ (311,702)   | \$ 68,906,705     |
| Construction in progress                     | 44,054,925           | -               | (420,351)        | 12,201,902   | (3,270,925)    | 52,565,551        |
| Total Capital assets, not being depreciated  | 111,135,452          | -               | (420,351)        | 14,339,782   | (3,582,627)    | 121,472,256       |
| Capital assets, being depreciated:           |                      |                 |                  |              |                |                   |
| Buildings                                    | 127,599,341          | -               | -                | 212,915      | -              | 127,812,256       |
| Improvements other than buildings            | 22,219,094           | -               | -                | -            | -              | 22,219,094        |
| Machinery and equipment                      | 39,518,215           | -               | -                | 1,543,360    | (393,596)      | 40,667,979        |
| Infrastructure                               | 215,931,578          | -               | -                | 273,853      | -              | 216,205,431       |
| Total capital assets, being depreciated      | 405,268,228          | -               | -                | 2,030,128    | (393,596)      | 406,904,760       |
| Less accumulated depreciation for:           |                      |                 |                  |              |                |                   |
| Buildings                                    | (34,278,770)         | -               | -                | (2,168,772)  | -              | (36,447,542)      |
| Improvements other than buildings            | (8,437,030)          | -               | -                | (792,048)    | -              | (9,229,078)       |
| Machinery and equipment                      | (20,414,122)         | -               | -                | (2,598,103)  | 364,357        | (22,647,868)      |
| Infrastructure                               | (64,019,238)         | -               | -                | (3,640,864)  | -              | (67,660,102)      |
| Total accumulated depreciation               | (127,149,160)        | -               | -                | (9,199,787)  | 364,357        | (135,984,590)     |
| Total capital assets, being depreciated, net | 278,119,068          | -               | -                | (7,169,659)  | (29,239)       | 270,920,170       |
| Governmental activities capital assets, net  | \$ 389,254,520       | \$ -            | \$ (420,351)     | \$ 7,170,123 | \$ (3,611,866) | \$ 392,392,426    |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 6 – CAPITAL ASSETS (continued)**

Business-type activities:

|  | Beginning<br>Balance  | Transfers<br>In     | Transfers<br>Out      | Increases            | Decreases             | Ending<br>Balance     |
|--|-----------------------|---------------------|-----------------------|----------------------|-----------------------|-----------------------|
| Capital assets, not being depreciated:       |                       |                     |                       |                      |                       |                       |
| Land   | \$ 18,722,641         | \$ -                | \$ -                  | \$ 3,760,046         | \$ -                  | \$ 22,482,687         |
| Construction in progress                     | 6,978,824             | 3,355,085           | (2,934,734)           | 17,038,525           | (3,429,204)           | 21,008,496            |
| Total Capital assets, not being depreciated  | <u>25,701,465</u>     | <u>3,355,085</u>    | <u>(2,934,734)</u>    | <u>20,798,571</u>    | <u>(3,429,204)</u>    | <u>43,491,183</u>     |
| Capital assets, being depreciated:           |                       |                     |                       |                      |                       |                       |
| Buildings                                    | 136,007,378           | -                   | -                     | 388,543              | -                     | 136,395,921           |
| Improvements other than buildings            | 94,055,495            | -                   | -                     | 4,951,374            | -                     | 99,006,869            |
| Machinery and equipment                      | 95,332,143            | -                   | -                     | 1,239,677            | (21,345)              | 96,550,475            |
| Total capital assets, being depreciated      | <u>325,395,016</u>    | <u>-</u>            | <u>-</u>              | <u>6,579,594</u>     | <u>(21,345)</u>       | <u>331,953,265</u>    |
| Less accumulated depreciation for:           |                       |                     |                       |                      |                       |                       |
| Buildings                                    | (45,667,153)          | -                   | -                     | (1,770,628)          | -                     | (47,437,781)          |
| Improvements other than buildings            | (24,615,676)          | -                   | -                     | (1,656,459)          | -                     | (26,272,135)          |
| Machinery and equipment                      | (26,711,798)          | -                   | -                     | (3,509,836)          | 17,025                | (30,204,609)          |
| Total accumulated depreciation               | <u>(96,994,627)</u>   | <u>-</u>            | <u>-</u>              | <u>(6,936,923)</u>   | <u>17,025</u>         | <u>(103,914,525)</u>  |
| Total capital assets, being depreciated, net | <u>228,400,389</u>    | <u>-</u>            | <u>-</u>              | <u>(357,329)</u>     | <u>(4,320)</u>        | <u>228,038,740</u>    |
| Business-type activities capital assets, net | <u>\$ 254,101,854</u> | <u>\$ 3,355,085</u> | <u>\$ (2,934,734)</u> | <u>\$ 20,441,241</u> | <u>\$ (3,433,524)</u> | <u>\$ 271,529,923</u> |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 6 – CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions/programs for the primary government as follows:

|  |                     |
|--|---------------------|
| Governmental activities:   |                     |
| Public safety  | \$ 757,630          |
| Public works   | 5,514,171           |
| Health and social services   | 7,012               |
| Culture and recreation   | 2,081,903           |
| Community and economic development   | 16,700              |
| General government   | 794,034             |
| Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets | 28,337              |
| Total depreciation expense - governmental activities   | <u>\$ 9,199,787</u> |
| Business-type activities:  |                     |
| Sewage disposal works  | \$ 3,313,312        |
| Water utility  | 957,749             |
| Stormwater utility   | 735,502             |
| Parking facilities   | 1,095,878           |
| Refuse collection  | 255,244             |
| Salt   | 27,639              |
| Transit system   | 551,599             |
| Total depreciation expense - business-type activities  | <u>\$ 6,936,923</u> |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 6 – CAPITAL ASSETS (continued)**

**Dubuque Metropolitan Area Solid Waste Agency (Component Unit):**

|   | Beginning<br>Balance | Transfers<br>In | Transfers<br>Out | Increases         | Decreases           | Ending<br>Balance   |
|---|----------------------|-----------------|------------------|-------------------|---------------------|---------------------|
| Capital assets, not being depreciated:                |                      |                 |                  |                   |                     |                     |
| Land  | \$ 2,952,666         | \$ -            | \$ -             | \$ 964,840        | \$ (153,880)        | \$ 2,952,666        |
| Construction in progress                              | <u>-</u>             | <u>-</u>        | <u>-</u>         | <u>964,840</u>    | <u>(153,880)</u>    | <u>810,960</u>      |
| Total Capital assets, not being depreciated           | <u>2,952,666</u>     | <u>-</u>        | <u>-</u>         | <u>964,840</u>    | <u>(153,880)</u>    | <u>3,763,626</u>    |
| Capital assets, being depreciated:                    |                      |                 |                  |                   |                     |                     |
| Buildings   | 88,495               | -               | -                | 18,000            | -                   | 106,495             |
| Improvements other than buildings                     | 10,306,408           | -               | -                | -                 | -                   | 10,306,408          |
| Machinery and equipment                               | <u>3,737,130</u>     | <u>-</u>        | <u>-</u>         | <u>285,792</u>    | <u>-</u>            | <u>4,022,922</u>    |
| Total capital assets, being depreciated               | <u>14,132,033</u>    | <u>-</u>        | <u>-</u>         | <u>303,792</u>    | <u>-</u>            | <u>14,435,825</u>   |
| Less accumulated depreciation for:                    |                      |                 |                  |                   |                     |                     |
| Buildings   | (50,478)             | -               | -                | (1,622)           | -                   | (52,100)            |
| Improvements other than buildings                     | (6,426,126)          | -               | -                | (174,800)         | -                   | (6,600,926)         |
| Machinery and equipment                               | <u>(2,263,191)</u>   | <u>-</u>        | <u>-</u>         | <u>(258,449)</u>  | <u>-</u>            | <u>(2,521,640)</u>  |
| Total accumulated depreciation                        | <u>(8,739,795)</u>   | <u>-</u>        | <u>-</u>         | <u>(434,871)</u>  | <u>-</u>            | <u>(9,174,666)</u>  |
| Total capital assets, being depreciated, net          | <u>5,392,238</u>     | <u>-</u>        | <u>-</u>         | <u>(131,079)</u>  | <u>-</u>            | <u>5,261,159</u>    |
| Dubuque Metropolitan Area Solid Waste, capital assets | \$ <u>8,344,904</u>  | \$ <u>-</u>     | \$ <u>-</u>      | \$ <u>833,761</u> | \$ <u>(153,880)</u> | \$ <u>9,024,785</u> |

Depreciation expense of \$434,871 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

**CITY OF DUBUQUE, IOWA**  
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**NOTE 7 – LONG-TERM DEBT**

**General Obligation Bonds.** The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$130,370,000. During fiscal year 2015, the City issued \$26,450,000 of general obligation bonds for capital improvements.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. General obligation bonds outstanding at June 30, 2015, are as follows:

| Purpose   | Date of Issue | Maturity Dates    | Interest Rates | Amount Originally Issued     | Amount Outstanding End of Year |
|---|---------------|-------------------|----------------|------------------------------|--------------------------------|
| Corporate purpose Series 2003                       | 10/15/2003    | 06/01/04-06/01/23 | 3.40-4.75 %    | \$ 2,110,000                 | \$ 1,025,000                   |
| Corporate purpose Series 2005                       | 04/18/2005    | 06/01/06-06/01/24 | 3.40-5.00      | 6,020,000                    | 4,040,000                      |
| Corporate purpose Series 2006A                      | 04/03/2006    | 06/01/07-06/01/25 | 3.80-4.20      | 2,900,000                    | 1,830,000                      |
| Corporate purpose Series 2007A                      | 12/01/2007    | 06/01/09-06/01/17 | 3.45-3.65      | 1,055,000                    | 265,000                        |
| Corporate purpose Series 2008A                      | 11/04/2008    | 06/01/09-06/01/28 | 3.75-4.80      | 3,885,000                    | 2,875,000                      |
| Corporate purpose Series 2008B                      | 11/04/2008    | 06/01/09-06/01/23 | 3.75-4.25      | 3,290,000                    | 2,005,000                      |
| Corporate purpose (taxable) Series 2008C            | 11/04/2008    | 06/01/09-06/01/18 | 5.25-5.50      | 2,465,000                    | 1,205,000                      |
| Corporate purpose (taxable) Series 2009A            | 11/10/2009    | 06/01/11-06/01/29 | 1.90-5.60      | 2,935,000                    | 2,300,000                      |
| Corporate purpose (taxable) Series 2009B            | 11/10/2009    | 06/01/11-06/01/29 | 1.50-5.50      | 11,175,000                   | 8,845,000                      |
| Refunding Series 2009C                              | 11/10/2009    | 06/01/10-06/01/21 | 2.00-4.00      | 8,885,000                    | 4,795,000                      |
| Corporate purpose and refunding Series 2010A        | 08/30/2010    | 06/01/11-06/01/30 | 2.00-3.00      | 4,470,000                    | 3,555,000                      |
| Corporate purpose Series 2010B                      | 08/30/2010    | 06/01/12-06/01/30 | 1.00-4.15      | 2,675,000                    | 2,305,000                      |
| Corporate purpose Series 2010C                      | 08/30/2010    | 06/01/12-06/01/30 | 2.00-3.00      | 2,825,000                    | 2,360,000                      |
| Corporate purpose Series 2011A                      | 09/01/2011    | 06/01/12-06/01/31 | 2.00-4.00      | 6,330,000                    | 5,540,000                      |
| Corporate purpose (taxable) Series 2011B            | 09/01/2011    | 06/01/13-06/01/26 | 2.25-4.35      | 1,590,000                    | 1,290,000                      |
| Corporate purpose Series 2012A                      | 03/15/2012    | 06/01/14-06/01/31 | 2.00-3.00      | 4,380,000                    | 3,970,000                      |
| Corporate purpose and refund Series 2012B           | 03/15/2012    | 06/01/13-06/01/31 | 2.00-3.13      | 7,495,000                    | 6,725,000                      |
| Corporate purpose (taxable) Series 2012C            | 06/28/2012    | 06/01/14-06/01/32 | 2.00-3.90      | 6,965,000                    | 6,400,000                      |
| Corporate purpose Series 2012D                      | 06/28/2012    | 06/01/14-06/01/32 | 2.00-3.46      | 7,175,000                    | 6,230,000                      |
| Corporate purpose Series 2012E                      | 12/12/2012    | 06/01/14-06/01/32 | 2.00-3.00      | 3,640,000                    | 3,245,000                      |
| Corporate purpose (taxable) Series 2012F            | 12/10/2012    | 06/01/14-06/01/22 | 1.00-2.20      | 1,035,000                    | 915,000                        |
| Corporate purpose and refund Series 2012G           | 11/28/2012    | 06/01/14-06/01/17 | 1.00-1.25      | 950,000                      | 385,000                        |
| Corporate purpose Series 2012H                      | 12/10/2012    | 06/01/15-06/01/32 | 2.00-3.00      | 2,385,000                    | 2,225,000                      |
| Corporate purpose (taxable) and refund Series 2012I | 12/04/2013    | 06/01/13-06/01/21 | 0.30-2.20      | 7,285,000                    | 4,095,000                      |
| Corporate purpose Series 2014B                      | 12/08/2014    | 06/01/16-06/01/34 | 3.00-3.65      | 18,835,000                   | 18,835,000                     |
| Corporate purpose (taxable) Series 2014C            | 12/08/2014    | 06/01/16-06/01/34 | 3.00-4.16      | <u>7,615,000</u>             | <u>7,615,000</u>               |
|   |               |                   |                | <u><u>\$ 130,370,000</u></u> | <u><u>\$ 104,875,000</u></u>   |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 7 – LONG-TERM DEBT (continued)**

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Fiscal Year<br>June 30 | Governmental Activities |                      | Business-type Activities |                      |
|------------------------|-------------------------|----------------------|--------------------------|----------------------|
|                        | Principal               | Interest             | Principal                | Interest             |
| 2016                   | \$ 4,774,098            | \$ 1,922,121         | \$ 2,240,902             | \$ 1,638,604         |
| 2017                   | 4,940,525               | 1,790,409            | 2,314,475                | 1,573,169            |
| 2018                   | 5,100,410               | 1,640,582            | 2,309,590                | 1,502,277            |
| 2019                   | 4,583,605               | 1,481,318            | 2,836,396                | 1,426,723            |
| 2020                   | 4,636,035               | 1,344,795            | 2,869,065                | 1,332,495            |
| 2021-2025              | 16,000,849              | 4,867,229            | 14,239,161               | 5,132,194            |
| 2026-2030              | 13,789,960              | 2,485,125            | 13,231,060               | 2,468,554            |
| 2031-2035              | 5,275,914               | 411,589              | 5,732,956                | 460,510              |
| Total                  | <u>\$ 59,101,396</u>    | <u>\$ 15,943,168</u> | <u>\$ 45,773,605</u>     | <u>\$ 15,534,526</u> |

**Tax Increment Financing Bonds.** The City issues tax increment financing bonds to provide funds for urban renewal projects. The City pledges property tax revenues from the tax increment financing districts to pay debt service. These bonds are generally issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Tax increment financing bonds outstanding at June 30, 2015, are as follows:

| Purpose                 | Date of Issue | Maturity Dates    | Interest Rates | Amount               | Amount                  | Current Portion   |
|-------------------------|---------------|-------------------|----------------|----------------------|-------------------------|-------------------|
|                         |               |                   |                | Originally Issued    | Outstanding End of Year |                   |
| Diamond Jo Parking Ramp | 10/16/07      | 06/01/11-06/01/37 | 7.50 %         | \$ 23,025,000        | \$ 21,370,000           | \$ 410,000        |
|                         |               |                   |                | <u>\$ 23,025,000</u> | <u>\$ 21,370,000</u>    | <u>\$ 410,000</u> |

Annual debt service requirements to maturity for tax increment financing bonds are as follows:

| Fiscal Year<br>June 30 | Governmental Activities |                      |
|------------------------|-------------------------|----------------------|
|                        | Principal               | Interest             |
| 2016                   | \$ 410,000              | \$ 1,602,750         |
| 2017                   | 440,000                 | 1,572,000            |
| 2018                   | 475,000                 | 1,539,000            |
| 2019                   | 510,000                 | 1,505,375            |
| 2020                   | 550,000                 | 1,465,125            |
| 2021-2025              | 3,420,000               | 6,642,750            |
| 2026-2030              | 4,910,000               | 5,173,625            |
| 2031-2035              | 7,045,000               | 3,014,625            |
| 2036-2040              | 3,610,000               | 411,000              |
| Total                  | <u>\$ 21,370,000</u>    | <u>\$ 22,926,250</u> |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 7 – LONG-TERM DEBT (continued)**

**Revenue Bonds.** The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City issued \$20,800,000 Iowa Sales Tax Incremental revenue bonds for flood mitigation capital improvements to the Bee Branch storm water project.

These bonds are generally issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Revenue bonds outstanding at June 30, 2015, are as follows:

| Purpose                    | Date of Issue | Maturity Dates    | Interest Rates | Amount Originally Issued | Amount Outstanding End of Year |
|----------------------------|---------------|-------------------|----------------|--------------------------|--------------------------------|
| Water Utility Series 2008D | 11/04/2008    | 06/01/10-06/01/23 | 3.00-5.00 %    | \$ 1,195,000             | \$ 755,000                     |
| Water Utility Series 2010D | 09/21/2010    | 06/01/12-06/01/30 | 2.00-4.00      | 5,700,000                | 4,940,000                      |
| Sales Tax Incremental 2014 | 06/14/2014    | 06/01/23-06/01/29 | 4.00-5.00      | 7,190,000                | 7,190,000                      |
| Sales Tax Incremental 2015 | 06/15/2015    | 06/01/23-06/01/29 | 3.25-4.00      | 20,800,000               | 20,800,000                     |
|                            |               |                   |                | \$ 34,885,000            | \$ 33,685,000                  |

The Water Utility revenue debt covenants include a requirement for the utility to produce net revenues of at least 125% of the current year debt service requirement and all other revenue debt.

Revenue bond debt service requirements to maturity are as follows:

| Fiscal Year<br>June 30 | Business-type Activities |               |
|------------------------|--------------------------|---------------|
|                        | Principal                | Interest      |
| 2016                   | \$ 285,000               | \$ 1,266,916  |
| 2017                   | 295,000                  | 1,288,010     |
| 2018                   | 305,000                  | 1,278,978.00  |
| 2019                   | 315,000                  | 1,268,388     |
| 2020                   | 330,000                  | 1,257,408     |
| 2021-2025              | 10,400,000               | 5,840,239     |
| 2026-2030              | 19,095,000               | 2,776,492     |
| 2031                   | 2,660,000                | 106,400       |
| Total                  | \$ 33,685,000            | \$ 15,082,831 |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 7 – LONG-TERM DEBT (continued)**

**Notes Payable.** Notes payable have been issued to provide funds for economic development and for the purchase of capital assets. Notes payable at June 30, 2015, are as follows:

| Purpose                | Date of Issue | Maturity Dates    | Interest Rates | Amount Originally Issued | Amount Outstanding End of Year | Current Portion |
|------------------------|---------------|-------------------|----------------|--------------------------|--------------------------------|-----------------|
| Lower Main Development | 06/30/04      | 12/31/06-06/30/16 | 8.00 %         | \$ 182,000               | \$ 24,958                      | \$ 24,958       |
| Theisen Supply         | 11/22/06      | 12/31/08-06/30/18 | 8.25           | 810,323                  | 320,163                        | 95,503          |
| 40 Main LLC            | 08/06/09      | 06/01/11-06/01/37 | 6.50           | 690,529                  | 466,487                        | 65,728          |
|                        |               |                   |                | \$ 1,682,852             | \$ 811,608                     | \$ 186,189      |

Annual debt service requirements to maturity for notes payable are as follows:

| Fiscal Year<br>June 30 | Governmental Activities |            |
|------------------------|-------------------------|------------|
|                        | Principal               | Interest   |
| 2016                   | \$ 186,189              | \$ 55,690  |
| 2017                   | 173,666                 | 41,743     |
| 2018                   | 195,881                 | 28,381     |
| 2019                   | 79,827                  | 15,582     |
| 2020                   | 85,174                  | 10,235     |
| 2021                   | 90,870                  | 4,528      |
| Total                  | \$ 811,607              | \$ 156,159 |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 7 – LONG-TERM DEBT (continued)**

**Capital Loan Notes.** Revenue capital loan notes have been issued for the planning and construction of sewer, stormwater, and water capital projects through the State of Iowa State Revolving Loan Funds. The City issued an additional \$29,541,000 of SRF debt in 2015 as part of the Bee Branch stormwater project. The City has pledged income derived from the acquired or constructed assets to pay debt service. Capital loan notes payable at June 30, 2015, are as follows:

| Purpose                            | Date Authorized | Final Maturity Date | Interest Rates | Amount Authorized     | Amount Outstanding End of Year | Current Portion     |
|------------------------------------|-----------------|---------------------|----------------|-----------------------|--------------------------------|---------------------|
| Clean Water                        | 01/14/09        | 06/01/28            | 3.25 %         | \$ 1,847,000          | \$ 1,321,000                   | \$ 83,000           |
| Drinking Water                     | 10/18/07        | 06/01/28            | 3.25           | 1,037,000             | 655,000                        | 41,000              |
| North Catfish Creek Stormwater     | 01/13/10        | 06/01/30            | 3.25           | 998,000               | 645,000                        | 34,000              |
| North Catfish Creek Sewer          | 01/13/10        | 06/01/30            | 3.25           | 1,141,000             | 736,000                        | 39,000              |
| Water Meter Replacement Stormwater | 02/12/10        | 06/01/30            | 3.25           | 4,338,000             | 2,689,000                      | 131,000             |
| Water Meter Replacement Sewer      | 02/12/10        | 06/01/30            | 3.25           | 4,338,000             | 2,689,000                      | 131,000             |
| Upper Bee Branch Sewer             | 10/27/10        | 06/01/41            | 3.25           | 7,850,000             | 7,185,000                      | 180,000             |
| Water and Resource Recovery Center | 08/18/10        | 06/01/39            | 3.25           | 74,285,000            | 63,758,158                     | 2,309,000           |
| Cogeneration                       | 05/17/13        | 06/01/33            | 2.00           | 3,048,000             | 2,795,000                      | 131,000             |
| Bee Branch Stormwater              | 02/18/14        | 06/01/33            | 2.00           | 1,029,000             | 190,720                        | 44,000              |
| Bee Branch Stormwater              | 06/19/15        | 06/01/37            | 2.00           | 29,541,000            | 2,784,092                      | -                   |
|                                    |                 |                     |                | <u>\$ 129,452,000</u> | <u>\$ 85,447,970</u>           | <u>\$ 3,123,000</u> |

Annual debt service requirements to maturity for capital loan notes are as follows:

| Fiscal Year<br>June 30 | Business-type Activities |                      |
|------------------------|--------------------------|----------------------|
|                        | Principal                | Interest             |
| 2016                   | \$ 3,123,000             | \$ 1,900,173         |
| 2017                   | 3,182,000                | 1,830,053            |
| 2018                   | 3,725,800                | 1,708,080            |
| 2019                   | 4,307,721                | 1,675,808            |
| 2020                   | 4,391,000                | 1,581,179            |
| 2021-2025              | 18,220,292               | 6,609,871            |
| 2026-2030              | 19,721,000               | 4,498,526            |
| 2031-2035              | 18,609,000               | 2,317,222            |
| 2036-2040              | 9,724,157                | 3,389,158            |
| 2041                   | 401,000                  | 13,031               |
| Total                  | <u>\$ 85,404,970</u>     | <u>\$ 25,523,101</u> |

At June 30, 2015, the City of Dubuque had \$33,764,300 of capital loan note funds available. These funds are available to the City by filing a disbursement request with the State of Iowa. The City expects to use the remaining available funds by fiscal year 2018. The Sewer Utility revenue capital loan notes covenants include a requirement for the utility to produce net revenue of at least 110% of the current year debt service requirement. During the year ended June 30, 2015, the City did not meet the covenant for sewer related capital loan notes by \$758,599. Sewer rates were raised 5% in fiscal year 2015, and 10% in fiscal year 2016. Rates will increase each subsequent fiscal year until bond covenant is met.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 7 – LONG-TERM DEBT (continued)**

**Loans Payable.** Loans payable have been issued to fund several City projects. Loans payable at June 30, 2015, are as follows:

| Purpose                     | Date of Issue | Maturity Dates    | Interest Rates | Amount Originally Issued | Amount Outstanding End of Year | Current Portion   |
|-----------------------------|---------------|-------------------|----------------|--------------------------|--------------------------------|-------------------|
| Parking Lot Purchase        | 07/08/08      | 01/01/09-07/01/23 | 5.0 %          | \$ 400,000               | \$ 262,055                     | \$ 25,433         |
| Building Purchase Agreement | 02/01/10      | 02/01/10-02/01/16 | 0.0            | 330,000                  | 94,285                         | 47,143            |
| Iowa Finance Authority      | 08/26/11      | 06/01/20-06/01/30 | 3.0            | 4,500,000                | 4,500,000                      | -                 |
| Bowling & Beyond Inc.       | 07/25/12      | 12/04/12-12/04/32 | 0.0            | 1,000,000                | 850,000                        | 50,000            |
|                             |               |                   |                | <u>\$ 6,230,000</u>      | <u>\$ 5,706,340</u>            | <u>\$ 122,576</u> |

Annual debt service requirements to maturity for loans payable are as follows:

| Fiscal Year<br>June 30 | Governmental Activities |                     |  | Business-type Activities |                  |
|------------------------|-------------------------|---------------------|--|--------------------------|------------------|
|                        | Principal               | Interest            |  | Principal                | Interest         |
| 2016                   | \$ 97,143               | \$ 135,000          |  | \$ 25,433                | \$ 12,790        |
| 2017                   | 97,143                  | 135,000             |  | 26,721                   | 11,501           |
| 2018                   | 50,000                  | 135,000             |  | 28,074                   | 10,148           |
| 2019                   | 50,000                  | 135,000             |  | 29,495                   | 8,727            |
| 2020                   | 132,922                 | 135,000             |  | 30,988                   | 7,234            |
| 2021-2025              | 1,150,803               | 603,418             |  | 121,344                  | 48,371           |
| 2026-2030              | 3,766,275               | 459,901             |  | -                        | -                |
| 2031-2032              | 100,000                 | -                   |  | -                        | -                |
| Total                  | <u>\$ 5,444,286</u>     | <u>\$ 1,738,319</u> |  | <u>\$ 262,055</u>        | <u>\$ 98,771</u> |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 7 – LONG-TERM DEBT (continued)**

**Changes in Long-term Liabilities.** Long-term liability activity for the year ended June 30, 2015, was as follows:

|                                       | Balance<br>Beginning<br>of Year | Additions            | Reductions             | Balance End<br>of Year | Due Within<br>One Year |
|---------------------------------------|---------------------------------|----------------------|------------------------|------------------------|------------------------|
| <b>Governmental activities:</b>       |                                 |                      |                        |                        |                        |
| General obligation bonds              | \$ 52,202,198                   | \$ 11,095,000        | \$ (4,195,804)         | \$ 59,101,394          | \$ 4,774,098           |
| Unaccrued premium                     | 515,549                         | 143,925              | (9,140)                | 650,334                | -                      |
| Unamortized discounts                 | (149,099)                       | -                    | 12,312                 | (136,787)              | -                      |
| Total general obligation bonds        | <u>52,568,648</u>               | <u>11,238,925</u>    | <u>(4,192,632)</u>     | <u>59,614,941</u>      | <u>4,774,098</u>       |
| Tax increment financing bonds         | 21,769,361                      | -                    | (399,361)              | 21,370,000             | 410,000                |
| Unamortized discounts                 | (212,926)                       | -                    | 8,872                  | (204,054)              | -                      |
| Total tax increment financing bonds   | <u>21,556,435</u>               | <u>-</u>             | <u>(390,489)</u>       | <u>21,165,946</u>      | <u>410,000</u>         |
| Notes payable                         | 1,030,036                       | -                    | (218,428)              | 811,608                | 186,189                |
| Loans payable                         | 5,541,428                       | -                    | (97,143)               | 5,444,285              | 97,143                 |
| Compensated absences                  | 6,529,745                       | 3,527,935            | (3,666,328)            | 6,391,352              | 349,434                |
| Net pension liability                 | 43,560,647                      | -                    | (14,169,391)           | 29,391,256             | -                      |
| Net OPEB liability                    | <u>3,050,509</u>                | <u>373,359</u>       | <u>-</u>               | <u>3,423,868</u>       | <u>-</u>               |
| <b>Total governmental activities</b>  | <b>\$ 133,837,448</b>           | <b>\$ 15,140,219</b> | <b>\$ (22,734,411)</b> | <b>\$ 126,243,256</b>  | <b>\$ 5,816,864</b>    |
| <b>Business-type activities:</b>      |                                 |                      |                        |                        |                        |
| General obligation bonds              | \$ 32,782,805                   | \$ 15,355,000        | \$ (2,364,199)         | \$ 45,773,606          | \$ 2,240,902           |
| Unaccrued premium                     | 99,846                          | 133,580              | (5,556)                | 227,870                | -                      |
| Unamortized discounts                 | (143,789)                       | -                    | 10,707                 | (133,082)              | -                      |
| Total general obligation bonds        | <u>32,738,862</u>               | <u>15,488,580</u>    | <u>(2,359,048)</u>     | <u>45,868,394</u>      | <u>2,240,902</u>       |
| Revenue bonds                         | 13,160,000                      | 20,800,000           | (275,000)              | 33,685,000             | 285,000                |
| Unaccrued premium                     | 998,607                         | -                    | (66,359)               | 932,248                | -                      |
| Unamortized discounts                 | (7,170)                         | (67,363)             | 717                    | (73,816)               | -                      |
| Total revenue bonds                   | <u>14,151,437</u>               | <u>20,732,637</u>    | <u>(340,642)</u>       | <u>34,543,432</u>      | <u>285,000</u>         |
| Capital loan notes                    | 82,924,951                      | 5,625,020            | (3,102,000)            | 85,447,971             | 3,123,000              |
| Loans payable                         | 286,263                         | -                    | (24,208)               | 262,055                | 25,433                 |
| Compensated absences                  | 996,687                         | 533,409              | (566,497)              | 963,599                | 21,267                 |
| Net pension liability                 | 5,159,234                       | -                    | (1,452,251)            | 3,706,983              | -                      |
| Net OPEB liability                    | <u>642,419</u>                  | <u>78,736</u>        | <u>-</u>               | <u>721,155</u>         | <u>-</u>               |
| <b>Total business-type activities</b> | <b>\$ 136,899,853</b>           | <b>\$ 42,458,382</b> | <b>\$ (7,844,646)</b>  | <b>\$ 171,513,589</b>  | <b>\$ 5,695,602</b>    |

For the governmental activities, compensated absences and net OPEB liability are generally liquidated by the General Fund, Community Development Fund, and Section VIII Housing Fund.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 7 – LONG-TERM DEBT (continued)**

**Dubuque Metropolitan Area Solid Waste Agency**

**General Obligation Bonds.** Dubuque County, Iowa issued a general obligation landfill facility bond to provide funds for the acquisition and construction of major capital facilities.

The Dubuque Area Metropolitan Solid Waste Agency will reimburse Dubuque County for interest and principal payments from operating revenue. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. The amount outstanding as of June 30, 2015 is as follows:

| Purpose           | Date of Issue | Maturity Date     | Interest Rate | Amount Originally Issued | Amount Outstanding End of Year |
|-------------------|---------------|-------------------|---------------|--------------------------|--------------------------------|
| Landfill Facility | 12/30/2014    | 06/01/16-06/01/34 | 2.0-4.0 %     | \$ 4,500,000             | \$ 4,500,000                   |

Annual debt service requirements to maturity of the general obligation bond is as follows:

| Fiscal Year June 30 | Principal    | Interest     |
|---------------------|--------------|--------------|
| 2016                | \$ 185,000   | \$ 127,584   |
| 2017                | 190,000      | 123,884      |
| 2018                | 195,000      | 120,084      |
| 2019                | 195,000      | 116,184      |
| 2020                | 200,000      | 110,334      |
| 2021-2025           | 1,090,000    | 456,625      |
| 2026-2030           | 1,270,000    | 300,913      |
| 2031-2034           | 1,175,000    | 95,360       |
| Total               | \$ 4,500,000 | \$ 1,450,968 |

**Changes in Long-Term Liabilities.** Long term liability activity for the year ended June 30, 2015 is as follows:

|                               | Balance Beginning of Year | Additions    | Reductions | Balance End of Year | Due Within One Year |
|-------------------------------|---------------------------|--------------|------------|---------------------|---------------------|
| General obligation bond       | \$ -                      | \$ 4,500,000 | \$ -       | \$ 4,500,000        | \$ 185,000          |
| Unaccrued premium             | -                         | 139,086      | -          | 139,086             | -                   |
| Total general obligation bond | \$ -                      | \$ 4,639,086 | \$ -       | \$ 4,639,086        | \$ 185,000          |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 7 – LONG-TERM DEBT (continued)**

**Dubuque Initiatives and Subsidiaries.** At December 31, 2014, Dubuque Initiatives and Subsidiaries had the following notes and loan payable:

|   |                             |
|---|-----------------------------|
| Note payable to Dubuque Bank & Trust (Loan A), with the following interest rate provisions: fixed interest rate of 5.85% during the “Fixed Interest Rate Period”; during the “Initial Loan A Variable Interest Rate Period”, an interest rate equal to the greater of the “Loan A Index Rate” plus 2.75% and 5.00%; during the “Second Loan A Variable Interest Rate Period”, an interest rate equal to the “Loan A Index Rate” plus 2.75%. Monthly interest only payments are due with final principal and interest due at maturity on June 15, 2029.* | \$ 5,294,384                |
| Note payable to Dubuque Bank & Trust (Loan B), with the following interest rate provisions: fixed interest rate of 5.85% during the “Fixed Interest Rate Period”, during the “Variable Interest Period: an interest rate equal to the “Loan A Index Rate” plus 2.75%. Monthly interest only payments due until March 2010, principal and interest payments of \$54,167 begin on April 1, 2010. This note matures on June 15, 2019.*   | 2,187,324                   |
| Note payable to ICD VIII, LLC (QLICI QA1 Loan), fixed interest rate of 4.74%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.**   | 5,897,192                   |
| Note payable to USBCDE Sub-CDE XXXV, LLC (QLICI QA2 Loan), fixed interest rate of 4.47%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.**  | 5,897,192                   |
| Note payable to ICD VIII, LLC (QLICI QB1 Loan), fixed interest rate of 1.80%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.**   | 3,902,808                   |
| Note payable to USBCDE Sub-CDE XXXV, LLC (QLICI QB2 Loan), fixed interest rate of 1.80%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.**  | 4,002,808                   |
| Less: Current maturities  | 27,181,708                  |
| Non-current liability   | (448,206)                   |
|   | <u><u>\$ 26,733,502</u></u> |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 7 – LONG-TERM DEBT (continued)**

The following is a schedule by years of the principal maturities of long-term debt obligations for the years ending June 30:

|            |                      |
|------------|----------------------|
| 2015       | \$ 448,206           |
| 2016       | 446,302              |
| 2017       | 490,159              |
| 2018       | 515,236              |
| 2019       | 267,420              |
| Thereafter | <u>24,994,385</u>    |
|            | <u>\$ 27,181,708</u> |

\* - Notes A, B, and D payable to Dubuque Bank & Trust are collateralized by a security agreement dated June 22, 2009, a collateral assignment of tax credit purchase agreement dated June 22, 2009, and a collateral assignment of fund loan documents dated June 22, 2009.

\*\* - These notes payable to various entities are collateralized by, among other things, a certain Open-End Mortgage, Assignment of Leases and Rents, Security Agreement, and Fixture Filing of even date herewith executed by Borrower, as Mortgagor, to Administrative Agent, in its capacity as the Administrative Agent for the Lenders and for the benefit of the Lenders, as Mortgagee, encumbering the Property.

Forgivable loan. On February 19, 2009, the City of Dubuque was awarded a grant from the Iowa Department of Economic Development in the amount of \$450,000. The City of Dubuque awarded the grant to Dubuque Initiatives & Subsidiaries to assist the Organization in starting the Roshek Building project. The grant is a “forgivable loan”. The funds will be released on a reimbursement basis, upon the City of Dubuque submitting paperwork to Iowa Department of Economic Development documenting \$450,000 in building related costs. On July 1, 2011, the Iowa Department of Economic Development determined the project met the reimbursement requirements, therefore the loan was forgiven. The balance of the forgivable loan was recorded as grant income at December 31, 2011.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 8 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance purchased from independent third parties and participates in a local government risk pool. The City assumes liability for deductibles and claims in excess of coverage limitations.

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents which is included in the Internal Service Fund Type. Health benefits were self-insured up to an individual stop-loss amount of \$120,000, and an aggregate stop-loss of \$10,814,803 for 2015. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop-loss amount of \$600,000, and an aggregate-stop loss consistent with statutory limits for 2015. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense. The City purchases private insurance to include sworn Police Officers and Fire Fighters medical claims under a self-insured retention of \$750,000 for each accident.

All funds of the City participates in both programs and makes payments to the Health Insurance Reserve Fund and the Workers' Compensation Reserve Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$504,512 in the Health Insurance Reserve Fund and \$1,454,193 in the Workers' Compensation Reserve Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in reported liabilities, all of which are expected to be paid within one year of year end, for the fiscal years ended June 30, 2015 and 2014, are summarized as follows:

|   | <b>Health<br/>Insurance<br/>Reserve Fund</b> | <b>Workers'<br/>Compensation<br/>Reserve Fund</b> |
|---|--|---|
| Liabilities at June 30, 2013                            | \$ 551,428                                   | \$ 1,081,084                                      |
| Claims and changes in estimates during fiscal year 2014 | 9,013,678                                    | 530,845   |
| Claim payments  | (8,815,343)                                  | (529,619)   |
| Liabilities at June 30, 2014                            | 749,763                                      | 1,082,310   |
| Claims and changes in estimates during fiscal year 2015 | 9,393,954                                    | 1,411,769   |
| Claim payments  | (9,639,205)                                  | (1,039,886)                                       |
| Liabilities at June 30, 2015                            | <u>\$ 504,512</u>                            | <u>\$ 1,454,193</u>                               |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 8 – RISK MANAGEMENT (continued)**

The City is a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 701 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. The City acquires automobile physical damage coverage through the Pool. All other property, inland marine, and boiler/machinery insurance is acquired through commercial insurance. 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 not to exceed 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City'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 City's annual contributions to the Pool for the year ended June 30, 2015, were \$497,508.

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. Excess coverage is provided for claims exceeding \$350,000 under various reinsurance agreements. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's Iowa Risk Management Agreement 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 that 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. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 8 – RISK MANAGEMENT (continued)**

Members agree to continue membership in the Pool through the Iowa Risk Management Agreement 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 claims and claims 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 capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal and Cumulative Reserve Fund distributions.

**NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2015.

**Litigation**

The City Attorney reported that various claims and lawsuits were on file against the City.

The City has booked a payable for pending settlement of the Zaber v. City of Dubuque, class action lawsuit. The City Council has approved a settlement agreement to pay \$2.7 million, plus administrative costs, into a settlement fund. The settlement agreement has been approved by the Iowa district court and is being administered by Rust Consulting. A judgment bond will be issued by the City to finance the settlement fund. The district court has concluded that refunds will not be automatic; customers must file for a refund. The district court has not yet decided what happens to any unclaimed refunds. The plaintiffs have requested that any unclaimed refunds either be paid to the State of Iowa or to some charitable entity. The City has resisted that request and has taken the position that the unclaimed refunds should be returned to the City. If the City receives the unclaimed refunds, they will be used to reduce the principal of the judgment bond.

The City Attorney has estimated that all other potential settlements and lawsuits against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES (continued)**

**Construction Contracts**

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2015. The City has additional commitments for signed construction contracts of \$51,028,432 as of June 30, 2015. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

Dubuque Metropolitan Area Solid Waste Agency has recognized a liability only that portion of construction contracts representing construction completed through June 30, 2015. DMASWA has an additional commitment for a signed construction contract of \$2,142,585 as of June 30, 2015. This commitment will be funded by bond proceeds.

**Debt Guarantee**

The City has guaranteed debt issued by Dubuque Initiatives and Subsidiaries related to the rehabilitation of the Roshek Building. The guarantee is limited to \$25,000,000.

**Dubuque Initiatives & Subsidiaries**

Roshek Building, Inc. also anticipates receipt of State of Iowa Certified Historic Rehabilitation Tax Credit ('State credits') in excess of \$10,000,000 and Federal Certified Historic Rehabilitation Tax Credits in excess of \$11,000,000. The funds will be used to retire debt. The State credits were subject to a completion of the rehabilitation project by December 31, 2010. Both Federal and State credits were subject to successful approval of the project by the State of Iowa and National Park Service, such approval has been received. The Organization has received all available Rehabilitation Tax Credits as of December 31, 2013. These credits have a five year compliance period that will expire during 2014. The organization also received new market tax credits during the project that carries a seven year compliance period, which expires during 2016. Compliance has been maintained as of December 31, 2014.

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* prospectively during the year ended June 30, 2009.

Plan Description - The City operates a single-employer retiree benefit plan which provides postemployment benefits for eligible participants enrolled in the City-sponsored plans, which include the employees of the Dubuque Metropolitan Area Solid Waste Agency (a component unit). The Plan does not issue a stand-alone financial report. The benefits are provided in the form of:

An implicit rate subsidy where pre-65 retirees receive health insurance coverage by paying a combined retiree/active rate for the self-insured medical and prescription drug plan.

An explicit rate subsidy where the City pays the full cost of a \$1,000 policy in the fully-insured life insurance plan.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

To be eligible for the health insurance coverage, retirees must be at least 55 years old, have completed 4 years of service, and be vested with either the Iowa Public Employee's Retirement System (IPERS) or the Municipal Fire and Police Retirement System of Iowa (MFPRSI). In addition to the health eligibility coverage requirements, one must have belonged to a bargaining group to be eligible for life insurance benefits. There are approximately 534 active and 45 retired members in the plan, as of most recent actuarial valuation report.

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

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

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

|  |                            |
|--|----------------------------|
| Annual required contribution                     | \$ 456,947                 |
| Interest on net OPEB obligation                  | 188,031                    |
| Adjustment to annual required contribution       | (178,220)                  |
| Annual OPEB cost                                 | 466,758                    |
| Contributions made, net of retiree contributions | (6,197)                    |
| Increase in net OPEB obligation                  | 460,561                    |
| Net OPEB obligation, beginning of year           | 3,760,615                  |
| Net OPEB obligation, end of year                 | <u><u>\$ 4,221,176</u></u> |

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

For the year ended June 30, 2015, the City paid \$458,395 for retiree claims. Plan members eligible for benefits contributed \$452,198 or 100% of the premium costs. The net resulted in City contributions of \$6,197.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

| Year Ended    | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------------|------------------|--|---------------------|
| June 30, 2015 | \$ 466,758       | 1 %  | \$ 4,221,176        |
| June 30, 2014 | 583,450          | 32   | 3,760,615           |
| June 30, 2013 | 581,872          | (4)  | 3,363,982           |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$4,550,896, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,550,896. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$32,126,628 and the ratio of the UAAL to covered payroll was 14.27%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption 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, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the City's funding policy. The projected annual medical trend rate (inflation rate) is 6%. The ultimate medical trend rate is 5% beginning in year 2. The underlying inflation rate is 3%.

Mortality rates are from the RP2014 Group Annuity Mortality Tables, applied on a gender-specific basis. Annual retirement and termination probabilities were developed consistent with the City's experience and the IPERS and MFPRSI retirement patterns. Annual turnover rates were based on Scale T-2 of the actuary's pension handbook.

Projected claim costs of the medical plan are \$10,356 per year for retirees. The salary increase rate was assumed to be 2.5% per year. The UAAL is being amortized as a level percentage of pay on an open basis over 30 years.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – EMPLOYEE PENSION PLANS**

**Iowa Public Employees Retirement System IPERS**

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

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

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

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

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

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

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

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

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's total contributions to IPERS for the year ended June 30, 2015 were \$2,151,056. The Dubuque Metropolitan Area Solid Waste Agency's total contribution to IPERS for the year ended June 30, 2015 were \$57,656.

**City Specific IPERS Disclosures**

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$14,687,678 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's collective proportion was .370349 percent which was a decrease of .014325 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$1,119,097. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 159,624                                | \$ -                                     |
| Changes of assumptions  | 648,208                                   | -  |
| Net difference between projected and actual earnings on pension plan investments                          | - -                                       | 5,601,456                                |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 84,575                                    | -  |
| City contributions subsequent to the measurement date   | <u>2,151,056</u>                          | <u>-</u>                                 |
| <b>Total</b>  | <b><u>\$ 3,043,463</u></b>                | <b><u>\$ 5,601,456</u></b>               |

\$2,151,056 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year<br>Ended<br><u>June 30</u> | Total                        |
|---------------------------------|------------------------------|
| 2016                            | \$ (1,191,859)               |
| 2017                            | (1,191,859)                  |
| 2018                            | (1,191,859)                  |
| 2019                            | (1,191,859)                  |
| 2020                            | 58,386                       |
|                                 | <u><b>\$ (4,709,050)</b></u> |

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

|  | 1%<br>Decrease<br>(6.5%) | Discount<br>Rate<br>(7.5%) | 1%<br>Increase<br>(8.5%) |
|--|--------------------------|----------------------------|--------------------------|
| City's proportionate share of the net pension liability: | \$ 27,751,952            | \$ 14,687,678              | \$ 3,660,074             |

**Dubuque Metropolitan Area Solid Waste Agency Specific (DMASWA) IPERS Disclosures**

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the DMASWA reported a liability of \$393,621 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The DMASWA's proportion of the net pension liability was based on the DMASWA's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the DMASWA's collective proportion was 0.009925 percent which was a decrease of 0.000384 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the DMASWA recognized pension expense of \$29,991. At June 30, 2015, the DMASWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience  | \$ 4,280                             | \$ -                                |
| Changes of assumptions  | 17,373                               | -                                   |
| Net difference between projected and actual earnings on pension plan investments                            | -                                    | 150,117                             |
| Changes in proportion and differences between Agency contributions and proportionate share of contributions | 2,268                                | -                                   |
| Agency contributions subsequent to the measurement date   | 57,657                               | -                                   |
| <b>Total</b>  | <b>\$ 81,578</b>                     | <b>\$ 150,117</b>                   |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

\$57,647 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year<br>Ended<br>June 30 | Total               |
|--------------------------|---------------------|
| 2016                     | \$ (31,940)         |
| 2017                     | (31,940)            |
| 2018                     | (31,940)            |
| 2019                     | (31,940)            |
| 2020                     | 1,564               |
|                          | <u>\$ (126,196)</u> |

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

|   | 1%<br>Decrease<br>(6.5%) | Discount<br>Rate<br>(7.5%) | 1%<br>Increase<br>(8.5%) |
|---|--------------------------|----------------------------|--------------------------|
| Agency's proportionate share of<br>the net pension liability: | \$ 743,738               | \$ 393,621                 | \$ 98,088                |

There were no non-employer contributing entries at IPERS.

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

|  |   |
|--|---|
| Rate of inflation<br>(effective June 30, 2014)                   | 3.00 percent per annum  |
| Rates of salary increase<br>(effective June 30, 2010)            | 4.00 to 17.00 percent, average, including inflation.<br>Rates vary by membership group. |
| Long-term Investment rate of return<br>(effective June 30, 1996) | 7.50 percent, compounded annually, net of investment<br>expense, including inflation.   |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

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

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

Payables to the Pension Plan - At June 30, 2015, the City reported no payables to the defined benefit pension plan for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

**Municipal Fire and Police Retirement System of Iowa MFPRSI**

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of Sample GAAP City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://www.mfprsi.org).

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2015.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 30.41% for the year ended June 30, 2015.

The City's contributions to MFPSI for the year ended June 30, 2015 was \$3,969,126.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPSI during the fiscal year ended June 30, 2014.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2015, the City reported a liability of \$18,410,561 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRI participating employers. At June 30, 2014, the City's proportion was 5.0788% which was a decrease of 0.0251% from its proportions measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$1,502,471. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
|   | \$                                | \$                               |
| Differences between expected and actual experience  | - \$                              | 52,104                           |
| Changes of assumptions  | 1,360,725                         | -                                |
| Net difference between projected and actual earnings on pension plan investments                          | - -                               | 8,654,297                        |
| Changes in proportion and differences between City contributions and proportionate share of contributions | - -                               | 117,897                          |
| City contributions subsequent to the measurement date   | 3,969,126                         | -                                |
| <b>Total</b>  | <b>\$ 5,329,851</b>               | <b>\$ 8,824,298</b>              |

\$3,969,126 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year<br>Ended<br>June 30 | Total                        |
|--------------------------|------------------------------|
|                          | \$                           |
| 2016                     | (1,904,721)                  |
| 2017                     | (1,904,721)                  |
| 2018                     | (1,904,721)                  |
| 2019                     | (1,904,721)                  |
| 2020                     | 155,311                      |
|                          | <b><u>\$ (7,463,573)</u></b> |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

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

|                           |   |
|---------------------------|---|
| Rate of inflation         | 3.00 percent per annum  |
| Rates of salary increase  | 4.00 to 15.11 percent, including inflation.                               |
| Investment rate of return | 7.50 percent, net of pension plan investment expense, including inflation |

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 GAM table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

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

| Asset Class                       | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-------------------|--|
| Core Plus Fixed Income            | 7.0%              | 3.8%                                   |
| Emerging Markets Debt             | 3.0               | 6.5                                    |
| Domestic Equities                 | 12.5              | 6.0                                    |
| Master Limited Partnerships (MLP) | 5.0               | 8.5                                    |
| International Equities            | 12.5              | 7.0                                    |
| Core Investments                  | 40.0%             |  |
| Tactical Assets Allocation        | 35.0              | 6.0                                    |
| Private Equity                    | 15.0              | 9.8                                    |
| Private Non-Core Real Estate      | 5.0               | 9.3                                    |
| Private Core Real Estate          | 5.0               | 6.8                                    |
| Real Estate                       | 10.0              |  |
| Total                             | 100.0%            |  |

**Discount Rate** - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.50 percent) or 1-percent higher (8.5 percent) than the current rate.

|   | 1%<br>Decrease<br>(6.5%) | Discount<br>Rate<br>(7.5%) | 1%<br>Increase<br>(8.5%) |
|---|--------------------------|----------------------------|--------------------------|
| City's proportionate share of<br>the net pension liability: | \$ 35,300,776            | \$ 18,410,561              | \$ 4,376,313             |

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

**Payables to the Pension Plan** - At June 30, 2015, City of Dubuque, Iowa reported payables to the defined benefit pension plan of \$13,874 for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPSI.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 12 – LANDFILL CLOSURE AND POST CLOSURE CARE**

State and federal laws and regulations require the Agency to place a final cover on each cell of its landfill site when filled and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and post closure care costs will be paid only near or after the date that each cell stops accepting waste, the Agency reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date. The \$4,619,086 reported as landfill closure and post closure care liability at June 30, 2015, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of cells 1, 2, 3, 4, 5, 6, 7, 8 and the use of 67% of cell 9. The Agency will recognize the remaining estimated cost of closure and post closure care of \$494,707 as the remaining capacity is filled.

These amounts are based on what it would cost to perform all closure and post closure care in 2015. The Agency expects to close cells 5, 6, 7, and 8 in calendar year 2015. The Agency is making plans to construct a second generation of cells to extend the life of the landfill to 2050. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2015, funds have been restricted for closure and post closure costs in the amount of \$4,443,440.

**NOTE 13 – LEASES WHERE CITY IS LESSOR**

The City of Dubuque leases riverfront property, airport property (hangars and terminal space), farm land, parking areas, space for antennas on top of water towers, and concession areas under operating leases. The most significant lease is the lease of the greyhound racing and gambling facility and related parking area to the Dubuque Racing Association (DRA). The City's cost of the leased DRA assets total \$10,144,771. The carrying amount of the assets at June 30, 2015 is \$6,584,201, with \$142,423 of depreciation expense during the year ended June 30, 2015. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2015, the DRA lease generated \$5,181,465 in lease revenue.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 14—ACCOUNTING CHANGE/RESTATEMENT**

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

| Business-Type Activities   |                |                       |               |                    |                    |                | DMASWA Component Unit  |                   |
|--|----------------|-----------------------|---------------|--------------------|--------------------|----------------|------------------------|-------------------|
|  |                | Sewage Disposal Works | Water Utility | Stormwater Utility | Parking Facilities | Transit System | Other Enterprise Funds | Internal Services |
| Governmental Activities  | \$ 358,082,810 | \$ 37,658,534         | \$ 23,297,274 | \$ 31,601,057      | \$ 38,127,678      | \$ 10,495,750  | \$ 2,384,414           | \$ 737,223        |
| Net Position June 30, 2014 as previously reported  | (43,560,647)   | (1,108,319)           | (1,345,431)   | (153,224)          | (459,671)          | (1,234,186)    | (858,473)              | (1,962,525)       |
| Net pension liability at June 30, 2014   |                |                       |               |                    |                    |                |                        | (547,828)         |
| Change in outflows of resources related to contributions made after the June 30, 2013 measurement date | 5,524,391      | 117,327               | 142,436       | 16,221             | 48,664             | 130,659        | 90,884                 | 207,766           |
| Net Position July 1, 2014, as restated   | \$ 320,046,554 | \$ 36,667,542         | \$ 22,094,279 | \$ 31,464,054      | \$ 37,716,671      | \$ 9,392,223   | \$ 1,616,825           | \$ (1,017,536)    |
|  |                |                       |               |                    |                    |                |                        | \$ 9,716,225      |

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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**NOTE 15 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS**

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

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

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

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

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

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

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

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

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**Required Supplementary Information**  
**June 30, 2015**  
**City of Dubuque, Iowa**

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**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN**  
**BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**GOVERNMENTAL AND ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

|   | Actual        | Budgeted Amounts |               | Final to Actual<br>Variance |
|---|---------------|------------------|---------------|-----------------------------|
|   |               | Original         | Final         |                             |
| <b>RECEIPTS</b>   |               |                  |               |                             |
| Property tax  | \$ 24,011,071 | \$ 24,011,071    | \$ 24,011,071 | \$ -                        |
| Tax increment financing   | 10,398,216    | 10,622,261       | 10,622,261    | (224,045)                   |
| Other City tax  | 10,755,580    | 14,959,338       | 15,092,048    | (4,336,468)                 |
| Licenses and permits  | 4,603,650     | 1,344,102        | 1,287,497     | 3,316,153                   |
| Use of money and property   | 12,658,010    | 12,903,511       | 11,856,209    | 801,801                     |
| Intergovernmental   | 33,139,639    | 54,838,264       | 66,557,121    | (33,417,482)                |
| Charges for fees and service  | 33,883,027    | 37,704,466       | 37,705,466    | (3,822,439)                 |
| Special assessments   | 205,437       | 32,000           | 806,748       | (601,311)                   |
| Miscellaneous   | 9,237,622     | 8,512,439        | 10,361,586    | (1,123,964)                 |
| Total Receipts  | 138,892,252   | 164,927,452      | 178,300,007   | (39,407,755)                |
| <b>EXPENDITURES</b>   |               |                  |               |                             |
| Public safety   | 27,192,192    | 28,145,634       | 28,007,628    | 815,436                     |
| Public works  | 11,335,142    | 12,382,658       | 12,462,539    | 1,127,397                   |
| Health and social services  | 1,026,482     | 1,125,838        | 1,149,362     | 122,880                     |
| Culture and recreation  | 10,835,959    | 11,730,605       | 11,453,573    | 617,614                     |
| Community and economic development  | 13,092,830    | 13,443,888       | 13,048,129    | (44,701)                    |
| General government  | 8,073,113     | 7,832,880        | 7,824,598     | (248,515)                   |
| Debt service  | 8,539,749     | 8,982,241        | 9,413,416     | 873,667                     |
| Capital projects  | 24,392,421    | 36,838,327       | 59,903,247    | 35,510,826                  |
| Business-type activities  | 55,904,109    | 80,456,566       | 118,501,103   | 62,596,994                  |
| Total Expenditures  | 160,391,997   | 200,938,637      | 261,763,595   | 101,371,598                 |
| EXCESS (DEFICIENCY) OF RECEIPTS<br>OVER (UNDER) EXPENDITURES  | (21,499,745)  | (36,011,185)     | (83,463,588)  | 61,963,843                  |
| OTHER FINANCING SOURCES, NET  | 53,299,084    | 29,886,684       | 63,754,743    | (10,455,659)                |
| <b>EXCESS DEFICIENCY OF RECEIPTS<br/>AND<br/>OTHER FINANCING SOURCES OVER<br/>(UNDER) EXPENDITURES AND<br/>OTHER FINANCING USES</b> |               |                  |               |                             |
| BALANCE, BEGINNING OF YEAR  | 31,799,339    | (6,124,501)      | (19,708,845)  | 51,508,184                  |
| BALANCE, ENDING OF YEAR   | \$ 92,138,677 | \$ 60,958,697    | \$ 87,583,438 | \$ 51,508,184               |

See Notes to Required Supplementary Information.

**CITY OF DUBUQUE, IOWA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

The Code of Iowa requires the adoption of an annual budget by the City Council on or before March 15 of each year which becomes effective July 1 and constitutes the appropriation for each function specified therein until amended. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the function level for the City as a whole, rather than at the fund or fund type level. The internal service fund or agency fund activity is not included in the adopted budget.

The City's budget is prepared on the cash basis of accounting with an adjustment for accrued payroll following required public notice and hearings. After the initial annual budget is adopted, it may be amended for specified purposes. Budget amendments must be prepared and adopted in the same manner as the original budget. Management is not authorized to amend the budget or to make budgetary transfers between functions without the approval of the City Council. Management may make budgeting transfers between funds as long as the transfers are within the same function. The City has adopted a policy relative to budgetary control and amendment which provides for control at the line-item level and review of the current year's budget at the time the next year's budget is prepared. This usually results in amending the appropriations of all functions to adjust to current conditions. Supplemental appropriations are only provided when unanticipated revenues or budget surpluses become available. Appropriations as adopted lapse at the end of the fiscal year.

The budget for the fiscal year ended June 30, 2015, was amended two times during the year to allow the City to increased function expenditures by \$60,824,958 primarily for the carry-forward of unfinished capital improvement projects. During the year ended June 30, 2015, expenses for community and economic development and general government exceeded the budgeted amount.

The following is a reconciliation of the budgetary basis to the modified accrual basis of accounting:

|                                | Budgetary Basis | Accrual Adjustments | Modified Accrual/Accrual Basis | Governmental Funds     |                | Enterprise Funds Total |
|--------------------------------|-----------------|---------------------|--------------------------------|------------------------|----------------|------------------------|
|                                |                 |                     |                                | Modified Accrual Basis | Accrual Basis  |                        |
| Receipts/Revenue               | \$ 138,892,252  | \$ (4,378,189)      | \$ 134,514,063                 | \$ 93,998,206          | \$ 40,515,857  | \$ 134,514,063         |
| Expenditures/Expenses          | 160,391,997     | (27,077,724)        | 133,314,273                    | 97,724,941             | 35,589,332     | 133,314,273            |
| Deficiency of Receipts/Revenue |                 |                     |                                |                        |                |                        |
| Under Expenditures/Expenses    | (21,499,745)    | 22,699,535          | 1,199,790                      | (3,726,735)            | 4,926,525      | 1,199,790              |
| Other Financing Sources        | 53,299,084      | (40,953,687)        | 12,345,397                     | 4,508,655              | 7,836,742      | 12,345,397             |
| Net                            | 31,799,339      | (18,254,152)        | 13,545,187                     | 781,920                | 12,763,267     | 13,545,187             |
| Balance, Beginning*            | 60,339,338      | 137,232,177         | 197,571,515                    | 58,619,921             | 138,951,594    | 197,571,515            |
| Balance, Ending                | \$ 92,138,677   | \$ 118,978,025      | \$ 211,116,702                 | \$ 59,401,841          | \$ 151,714,861 | \$ 211,116,702         |

\*Balance, Beginning for Enterprise Funds Accrual Basis reflects the prior year adjustment for GASB No. 68 net pension liability.

**CITY OF DUBUQUE, IOWA****SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY****IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM****LAST FISCAL YEAR\*****(IN THOUSANDS)****Required Supplementary Information**

|   | <u>2015</u> |
|---|-------------|
| City's proportion of the net pension liability (asset)  | 0.0370349 % |
| City's proportionate share of the net pension liability   | \$ 14,688   |
| City's covered-employee payroll   | \$ 24,210   |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 60.67 %     |
| Plan fiduciary net position as a percentage of the total pension liability                              | 87.61 %     |

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

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

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

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF THE CITY'S CONTRIBUTION**  
**IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS**  
**(IN THOUSANDS)**

**Required Supplementary Information**

|   | <u>2015</u>    | <u>2014</u>    | <u>2012</u>    | <u>2011</u>    | <u>2010</u>    | <u>2009</u>    | <u>2010</u>    | <u>2008</u>    | <u>2007</u>    | <u>2006</u>  |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Statutorily required contribution                                     | \$ 2,151       | \$ 2,164       | \$ 2,022       | \$ 1,911       | \$ 1,573       | \$ 1,415       | \$ 1,275       | \$ 1,164       | \$ 1,039       | \$ 983       |
| Contributions in relation to the<br>statutorily required contribution | <u>(2,151)</u> | <u>(2,164)</u> | <u>(2,022)</u> | <u>(1,911)</u> | <u>(1,573)</u> | <u>(1,415)</u> | <u>(1,275)</u> | <u>(1,164)</u> | <u>(1,039)</u> | <u>(983)</u> |
| Contribution deficiency (excess)                                      | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -         |
| City's covered-employee payroll                                       | \$ 24,039      | \$ 24,210      | \$ 23,321      | \$ 23,676      | \$ 22,627      | \$ 21,275      | \$ 20,071      | \$ 19,246      | \$ 18,065      | \$ 17,091    |
| Contributions as a percentage of<br>covered-employee payroll          | 8.95 %         | 8.94 %         | 8.67 %         | 8.07 %         | 6.95 %         | 6.65 %         | 6.35 %         | 6.05 %         | 5.75 %         | 5.75 %       |

**CITY OF DUBUQUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -- PENSION LIABILITY**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEMS**

**YEAR ENDED JUNE 30, 2015**

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*Changes of benefit terms:*

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

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

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

*Changes of assumption*

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

- Decreased the inflation assumption from 3.25 to 3.00 percent.
- Decreased the assumed rate of interest on members account from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

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

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

**CITY OF DUBUQUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -- PENSION LIABILITY**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEMS**

**YEAR ENDED JUNE 30, 2015 (continued)**

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

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

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**CITY OF DUBUQUE, IOWA****SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY****MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA****LAST FISCAL YEAR\*****(IN THOUSANDS)****Required Supplementary Information**

|   | <u>2015</u> |
|---|-------------|
| City's proportion of the net pension liability (asset)  | 5.0788 %    |
| City's proportionate share of the net pension liability   | \$ 18,410   |
| City's covered-employee payroll   | \$ 12,968   |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 141.96 %    |
| Plan fiduciary net position as a percentage of the total pension liability                              | 86.27 %     |

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

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

**CITY OF DUBUQUE, IOWA  
SCHEDULE OF THE CITY'S CONTRIBUTION  
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA  
LAST FISCAL YEAR\*  
(IN THOUSANDS)**

**Required Supplementary Information**

|   | 2015      | 2014      | 2012      | 2011      | 2010      | 2009      | 2010      | 2008      | 2007     | 2006     |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|
| Statutorily required contribution                                     | \$ 3,969  | \$ 3,906  | \$ 3,310  | \$ 3,177  | \$ 2,404  | \$ 1,966  | \$ 2,078  | \$ 2,632  | \$ 2,730 | \$ 2,704 |
| Contributions in relation to the<br>statutorily required contribution | (3,969)   | (3,906)   | (3,310)   | (3,177)   | (2,404)   | (1,966)   | (2,078)   | (2,632)   | (2,730)  | (2,704)  |
| Contribution deficiency (excess)                                      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -     | \$ -     |
| City's covered-employee payroll                                       | \$ 13,052 | \$ 12,968 | \$ 12,672 | \$ 12,831 | \$ 12,080 | \$ 11,565 | \$ 11,083 | \$ 10,330 | \$ 9,838 | \$ 9,585 |
| Contributions as a percentage of<br>covered-employee payroll          | 30.41 %   | 30.12 %   | 26.12 %   | 24.76 %   | 19.90 %   | 17.00 %   | 18.75 %   | 25.48 %   | 27.75 %  | 28.21 %  |

**CITY OF DUBUQUE, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -- PENSION LIABILITY**

**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA**

**YEAR ENDED JUNE 30, 2015**

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*Changes of benefit terms:*

There were no significant changes of benefit terms.

*Changes of assumptions*

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN (OPEB)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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| Year<br>Ended<br>June 30 | Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>(b-a/c) |
|--------------------------|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2013                     | 07/01/12                       | -                                      | \$ 5,720,577                                      | \$ 5,720,577                       | - %                      | \$ 31,830,608             | 18.00 %   |
| 2014                     | 07/01/12                       | -                                      | 5,720,577   | 5,720,577                          | -                        | 32,626,573                | 17.53   |
| 2015                     | 07/01/14                       | -                                      | 4,550,896   | 4,550,896                          | -                        | 32,126,628                | 14.20   |

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# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Road Use Tax Fund** – This fund is used to account for state revenues allocated to the City for maintenance and improvement of City streets.

**Section VIII Housing Fund** – This fund is used to account for the operations of federal Section VIII existing, voucher, and moderate rehabilitation projects.

**Employee Benefits Fund** – This fund is used to account for pension and related employee benefit costs for those employees paid wages from the General Fund.

**Tort Liability Fund** – This fund is used to collect a special property tax levy which is then transferred to the General Fund. The General Fund accounts for the administration and payment of damage claims against the City.

**Special Assessments Fund** – This fund is used to account for the financing of public improvements that are deemed to benefit primarily the properties against which special assessments are levied and to accumulate monies for the payment of principal and interest on the outstanding long-term debt service.

**Cable TV Fund** – This fund is used to account for the monies and related costs as set forth in the cable franchise agreement between the City of Dubuque and the cable franchisee.

**Library Expendable Gifts Trust** – This fund is used to account for contributions given to the library to be spent for specific purposes.

**IFA Housing Trust** – This fund is used to account for funds received under the Iowa Finance Authority State Housing Trust Fund Program.

**Community Development Fund** – This fund is used to account for the use of Community Development Block Grant funds as received from federal and state governmental agencies.

## DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

# **NONMAJOR GOVERNMENTAL FUNDS**

## **CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Airport Construction Fund** – This fund is used to account for the resources and costs related to airport capital improvements.

**Sales Tax Construction Fund** – This fund is used to account for the resources and costs related to capital improvements financed through the local option sales tax.

**Street Construction Fund** – This fund is used to account for the resources and costs related to street capital improvements.

## **PERMANENT FUNDS**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting City's programs.

**Ella Lyons Peony Trail Trust Fund** – This fund is used for dividends and maintenance cost related to the City Peony Trail, per trust agreement.

**Library Gifts Trust Fund** – This fund is used to account for testamentary gifts to the City library.

**CITY OF DUBUQUE, IOWA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

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Special Revenue Funds

|   | Road<br>Use<br>Tax  | Section VIII<br>Housing | Employee<br>Benefits | Tort<br>Liability |
|---|---------------------|-------------------------|----------------------|-------------------|
| <b>ASSETS</b>   |                     |                         |                      |                   |
| Cash and pooled cash investments                                    | \$ 1,274,711        | \$ 55,231               | \$ -                 | \$ -              |
| Receivables   |                     |                         |                      |                   |
| Property tax  |                     |                         |                      |                   |
| Delinquent  | -                   | -                       | 34,330               | 2,552             |
| Succeeding year   | -                   | -                       | 4,881,930            | 370,550           |
| Accounts and other  | -                   | 36,192                  | -                    | -                 |
| Special assessments   | -                   | -                       | -                    | -                 |
| Accrued interest  | -                   | 720                     | -                    | -                 |
| Notes   | -                   | -                       | -                    | -                 |
| Intergovernmental   | 592,645             | 31,793                  | -                    | -                 |
| Inventories   | 399,243             | -                       | -                    | -                 |
| Prepaid items   | 26,695              | 2,927                   | -                    | -                 |
| Restricted cash and pooled cash investments                         | -                   | 500,747                 | -                    | -                 |
| Total Assets  | <u>\$ 2,293,294</u> | <u>\$ 627,610</u>       | <u>\$ 4,916,260</u>  | <u>\$ 373,102</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                     |                         |                      |                   |
| <b>LIABILITIES</b>  |                     |                         |                      |                   |
| Accounts payable  | \$ 105,676          | \$ 119,881              | \$ -                 | \$ -              |
| Accrued payroll   | 42,244              | 7,278                   | -                    | -                 |
| Intergovernmental payable   | -                   | 4,987                   | -                    | -                 |
| Total Liabilities   | <u>\$ 147,920</u>   | <u>\$ 132,146</u>       | <u>\$ -</u>          | <u>\$ -</u>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                     |                         |                      |                   |
| Unavailable revenues  |                     |                         |                      |                   |
| Succeeding year property tax  | -                   | -                       | 4,881,930            | 370,550           |
| Special assessments   | -                   | -                       | -                    | -                 |
| Grants  | -                   | 173                     | -                    | -                 |
| Other   | -                   | -                       | 6,559                | 488               |
| Total Deferred Inflows of Resources                                 | <u>-</u>            | <u>173</u>              | <u>4,888,489</u>     | <u>371,038</u>    |
| <b>FUND BALANCES</b>  |                     |                         |                      |                   |
| Nonspendable:   |                     |                         |                      |                   |
| Endowment corpus  | -                   | -                       | -                    | -                 |
| Inventory   | 399,243             | -                       | -                    | -                 |
| Long-term notes receivable  | -                   | -                       | -                    | -                 |
| Prepaid items   | 26,695              | 2,927                   | -                    | -                 |
| Restricted:   |                     |                         |                      |                   |
| Endowments  | -                   | -                       | -                    | -                 |
| Library   | -                   | -                       | -                    | -                 |
| Debt service  | -                   | -                       | -                    | -                 |
| Capital improvements  | 1,719,436           | -                       | -                    | -                 |
| Franchise agreement   | -                   | -                       | -                    | -                 |
| Special assessments   | -                   | -                       | -                    | -                 |
| Claims  | -                   | -                       | -                    | 2,064             |
| Iowa Finance Authority Trust  | -                   | -                       | -                    | -                 |
| Community programs  | -                   | 492,364                 | -                    | -                 |
| Employee benefits   | -                   | -                       | 27,771               | -                 |
| Committed, capital improvements                                     | -                   | -                       | -                    | -                 |
| Total Fund Balances   | <u>\$ 2,145,374</u> | <u>\$ 495,291</u>       | <u>\$ 27,771</u>     | <u>\$ 2,064</u>   |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances  | <u>\$ 2,293,294</u> | <u>\$ 627,610</u>       | <u>\$ 4,916,260</u>  | <u>\$ 373,102</u> |

**EXHIBIT A-1**

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| Special Revenue Funds |                   |                                |                   |                       | Capital Projects Funds |                      |                        |  |
|-----------------------|-------------------|--------------------------------|-------------------|-----------------------|------------------------|----------------------|------------------------|--|
| Special Assessments   | Cable TV          | Library Expendable Gifts Trust | IFA Housing Trust | Community Development | Debt Service           | Airport Construction | Sales Tax Construction |  |
| \$ 72                 | \$ 265,980        | \$ 1,213,688                   | \$ 1,750          | \$ 2,204,657          | \$ 24,121              | \$ 364,091           | \$ 3,069,707           |  |
| -                     | -                 | -                              | -                 | -                     | 1,540                  | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | 290,940                | -                    | -                      |  |
| 756,293               | 145,938           | -                              | -                 | -                     | -                      | -                    | -                      |  |
| -                     | 428               | 1,963                          | -                 | 26,480                | 39                     | 589                  | 4,965                  |  |
| -                     | -                 | -                              | 75,801            | 7,053,443             | -                      | -                    | 657,518                |  |
| -                     | -                 | -                              | 15,000            | 196,643               | -                      | 1,026,032            | 327,208                |  |
| -                     | -                 | -                              | -                 | -                     | -                      | -                    | -                      |  |
| -                     | 15,891            | -                              | -                 | 11,737                | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | 1,005,202              | 1,781,429            |                        |  |
| <b>\$ 756,365</b>     | <b>\$ 428,237</b> | <b>\$ 1,215,651</b>            | <b>\$ 92,551</b>  | <b>\$ 9,492,960</b>   | <b>\$ 316,640</b>      | <b>\$ 2,395,914</b>  | <b>\$ 5,840,827</b>    |  |
| <br>                  | <br>              | <br>                           | <br>              | <br>                  | <br>                   | <br>                 | <br>                   |  |
| \$ -                  | \$ 7,901          | \$ 3,281                       | \$ -              | \$ 85,151             | \$ -                   | \$ 390,575           | \$ 196,268             |  |
| -                     | 2,416             | -                              | -                 | 8,813                 | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | -                      | -                    | -                      |  |
| -                     | 10,317            | 3,281                          | -                 | 93,964                | -                      | 390,575              | 196,268                |  |
| <br>                  | <br>              | <br>                           | <br>              | <br>                  | <br>                   | <br>                 | <br>                   |  |
| -                     | -                 | -                              | -                 | -                     | 290,940                | -                    | -                      |  |
| 720,712               | -                 | -                              | -                 | -                     | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | 196,643               | -                      | 766,952              | -                      |  |
| -                     | -                 | -                              | -                 | -                     | 169                    | -                    | -                      |  |
| 720,712               | -                 | -                              | -                 | 196,643               | 291,109                | 766,952              | -                      |  |
| <br>                  | <br>              | <br>                           | <br>              | <br>                  | <br>                   | <br>                 | <br>                   |  |
| -                     | -                 | -                              | -                 | -                     | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | -                      | -                    | 657,518                |  |
| -                     | 15,891            | -                              | -                 | 11,737                | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | -                      | -                    | -                      |  |
| -                     | -                 | 1,212,370                      | -                 | -                     | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | 25,531                 | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | -                      | 1,238,387            | -                      |  |
| 35,653                | 402,029           | -                              | -                 | -                     | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | -                      | -                    | -                      |  |
| -                     | -                 | -                              | 92,551            | -                     | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | 9,190,616             | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | -                      | -                    | -                      |  |
| -                     | -                 | -                              | -                 | -                     | -                      | -                    | 4,987,041              |  |
| 35,653                | 417,920           | 1,212,370                      | 92,551            | 9,202,353             | 25,531                 | 1,238,387            | 5,644,559              |  |
| <b>\$ 756,365</b>     | <b>\$ 428,237</b> | <b>\$ 1,215,651</b>            | <b>\$ 92,551</b>  | <b>\$ 9,492,960</b>   | <b>\$ 316,640</b>      | <b>\$ 2,395,914</b>  | <b>\$ 5,840,827</b>    |  |

(Continued)

**CITY OF DUBUQUE, IOWA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

**EXHIBIT A-1**  
**(continued)**

|   | Capital Projects Funds |                              |                  |                     | Permanent Funds      |  | Total Nonmajor Governmental Funds |  |
|---|------------------------|------------------------------|------------------|---------------------|----------------------|--|-----------------------------------|--|
|   | Street Construction    | Ella Lyons Peony Trail Trust |                  | Library Gifts Trust |                      |  |                                   |  |
|   |                        |                              |                  |                     |                      |  |                                   |  |
| <b>ASSETS</b>   |                        |                              |                  |                     |                      |  |                                   |  |
| Cash and pooled cash investments                                    | \$ 5,453,211           | \$ -                         | \$ -             | 11                  | \$ 13,927,230        |  |                                   |  |
| Receivables   |                        |                              |                  |                     |                      |  |                                   |  |
| Property tax  |                        |                              |                  |                     |                      |  |                                   |  |
| Delinquent  | -                      | -                            | -                |                     | 38,422               |  |                                   |  |
| Succeeding year   | -                      | -                            | -                |                     | 5,543,420            |  |                                   |  |
| Accounts and other  | 75                     | -                            | -                |                     | 182,205              |  |                                   |  |
| Special assessments   | -                      | -                            | -                |                     | 756,293              |  |                                   |  |
| Accrued interest  | 8,821                  | 76                           | 34               |                     | 44,115               |  |                                   |  |
| Notes   | -                      | -                            | -                |                     | 7,786,762            |  |                                   |  |
| Intergovernmental   | 890,545                | -                            | -                |                     | 3,079,866            |  |                                   |  |
| Inventories   | -                      | -                            | -                |                     | 399,243              |  |                                   |  |
| Prepaid items   | -                      | -                            | -                |                     | 57,250               |  |                                   |  |
| Restricted cash and pooled cash investments                         | 1,909,458              | 141,192                      | 20,867           |                     | 5,358,895            |  |                                   |  |
| Total Assets  | <u>\$ 8,262,110</u>    | <u>\$ 141,268</u>            | <u>\$ 20,912</u> |                     | <u>\$ 37,173,701</u> |  |                                   |  |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> |                        |                              |                  |                     |                      |  |                                   |  |
| <b>LIABILITIES</b>  |                        |                              |                  |                     |                      |  |                                   |  |
| Accounts payable  | \$ 550,520             | \$ -                         | \$ -             | -                   | \$ 1,459,253         |  |                                   |  |
| Accrued payroll   | -                      | -                            | -                |                     | 60,751               |  |                                   |  |
| Intergovernmental payable   | -                      | -                            | -                |                     | 4,987                |  |                                   |  |
| Total Liabilities   | <u>\$ 550,520</u>      | <u>\$ -</u>                  | <u>\$ -</u>      |                     | <u>\$ 1,524,991</u>  |  |                                   |  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                        |                              |                  |                     |                      |  |                                   |  |
| Unavailable revenues  |                        |                              |                  |                     |                      |  |                                   |  |
| Succeeding year property tax  | -                      | -                            | -                |                     | 5,543,420            |  |                                   |  |
| Special assessments   | -                      | -                            | -                |                     | 720,712              |  |                                   |  |
| Grants  | 371,426                | -                            | -                |                     | 1,335,194            |  |                                   |  |
| Other   | 28,309                 | -                            | -                |                     | 35,525               |  |                                   |  |
| Total Deferred Inflows of Resources                                 | <u>399,735</u>         | <u>-</u>                     | <u>-</u>         |                     | <u>7,634,851</u>     |  |                                   |  |
| <b>FUND BALANCES</b>  |                        |                              |                  |                     |                      |  |                                   |  |
| Nonspendable:   |                        |                              |                  |                     |                      |  |                                   |  |
| Endowment corpus  | -                      | 57,412                       | 12,000           |                     | 69,412               |  |                                   |  |
| Inventory   | -                      | -                            | -                |                     | 399,243              |  |                                   |  |
| Long-term notes receivable  | -                      | -                            | -                |                     | 657,518              |  |                                   |  |
| Prepaid items   | -                      | -                            | -                |                     | 57,250               |  |                                   |  |
| Restricted:   |                        |                              |                  |                     |                      |  |                                   |  |
| Endowments  | -                      | 83,856                       | 8,912            |                     | 92,768               |  |                                   |  |
| Library   | -                      | -                            | -                |                     | 1,212,370            |  |                                   |  |
| Debt service  | -                      | -                            | -                |                     | 25,531               |  |                                   |  |
| Capital improvements  | -                      | -                            | -                |                     | 2,957,823            |  |                                   |  |
| Franchise agreement   | -                      | -                            | -                |                     | 402,029              |  |                                   |  |
| Special assessments   | -                      | -                            | -                |                     | 35,653               |  |                                   |  |
| Claims  | -                      | -                            | -                |                     | 2,064                |  |                                   |  |
| Iowa Finance Authority Trust  | -                      | -                            | -                |                     | 92,551               |  |                                   |  |
| Community programs  | -                      | -                            | -                |                     | 9,682,980            |  |                                   |  |
| Employee benefits   | -                      | -                            | -                |                     | 27,771               |  |                                   |  |
| Committed, capital improvements                                     | <u>7,311,855</u>       | <u>-</u>                     | <u>-</u>         |                     | <u>12,298,896</u>    |  |                                   |  |
| Total Fund Balances   | <u>7,311,855</u>       | <u>\$ 141,268</u>            | <u>\$ 20,912</u> |                     | <u>\$ 28,013,859</u> |  |                                   |  |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances  | <u>\$ 8,262,110</u>    | <u>\$ 141,268</u>            | <u>\$ 20,912</u> |                     | <u>\$ 37,173,701</u> |  |                                   |  |

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**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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|  | Special Revenue Funds |                         |                      |                   |
|--|-----------------------|-------------------------|----------------------|-------------------|
|  | Road<br>Use<br>Tax    | Section VIII<br>Housing | Employee<br>Benefits | Tort<br>Liability |
| <b>REVENUES</b>  |                       |                         |                      |                   |
| Taxes  | \$ -                  | \$ -                    | \$ 5,117,544         | \$ 380,516        |
| Special assessments  | -                     | -                       | -                    | -                 |
| Intergovernmental  | 6,141,194             | 4,857,584               | -                    | -                 |
| Charges for services   | -                     | -                       | -                    | -                 |
| Investment earnings  | -                     | -                       | -                    | -                 |
| Contributions  | -                     | 1,017                   | -                    | -                 |
| Miscellaneous  | 38,969                | 88,538                  | -                    | -                 |
| Total Revenues   | <u>6,180,163</u>      | <u>4,947,139</u>        | <u>5,117,544</u>     | <u>380,516</u>    |
| <b>EXPENDITURES</b>  |                       |                         |                      |                   |
| Governmental activities  |                       |                         |                      |                   |
| Current  |                       |                         |                      |                   |
| Public works   | 5,045,179             | -                       | -                    | -                 |
| Health and social services   | -                     | -                       | -                    | -                 |
| Culture and recreation   | -                     | -                       | -                    | -                 |
| Community and economic development                                   | -                     | 5,245,824               | -                    | -                 |
| General government   | 25,861                | -                       | 18                   | -                 |
| Debt service   |                       |                         |                      |                   |
| Principal  | -                     | -                       | -                    | -                 |
| Interest and fiscal charges  | -                     | -                       | -                    | -                 |
| Capital projects   | -                     | -                       | -                    | -                 |
| Total Expenditures   | <u>5,071,040</u>      | <u>5,245,824</u>        | <u>18</u>            | <u>-</u>          |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> |                       |                         |                      |                   |
|  | <u>1,109,123</u>      | <u>(298,685)</u>        | <u>5,117,526</u>     | <u>380,516</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                       |                         |                      |                   |
| Issuance of debt   | -                     | -                       | -                    | -                 |
| Premium on bonds   | -                     | -                       | -                    | -                 |
| Transfers in   | -                     | 351,830                 | -                    | -                 |
| Transfers out  | (358,893)             | -                       | (5,141,335)          | (382,075)         |
| Insurance recovery   | -                     | -                       | -                    | -                 |
| Sale of capital assets   | -                     | -                       | -                    | -                 |
| Total Other Financing Sources (Uses)                                 | <u>(358,893)</u>      | <u>351,830</u>          | <u>(5,141,335)</u>   | <u>(382,075)</u>  |
| <b>NET CHANGE IN FUND BALANCES</b>                                   |                       |                         |                      |                   |
|  | <u>750,230</u>        | <u>53,145</u>           | <u>(23,809)</u>      | <u>(1,559)</u>    |
| <b>FUND BALANCES, BEGINNING</b>                                      |                       |                         |                      |                   |
|  | <u>1,395,144</u>      | <u>442,146</u>          | <u>51,580</u>        | <u>3,623</u>      |
| <b>FUND BALANCES, ENDING</b>   |                       |                         |                      |                   |
|  | <u>\$ 2,145,374</u>   | <u>\$ 495,291</u>       | <u>\$ 27,771</u>     | <u>\$ 2,064</u>   |

**EXHIBIT A-2**

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| Special Revenue Funds |                   |                                |                   | Capital Projects Funds |                    |                      |                        |
|-----------------------|-------------------|--------------------------------|-------------------|------------------------|--------------------|----------------------|------------------------|
| Special Assessments   | Cable TV          | Library Expendable Gifts Trust | IFA Housing Trust | Community Development  | Debt Service       | Airport Construction | Sales Tax Construction |
| \$ -                  | \$ -              | \$ -                           | \$ -              | \$ -                   | \$ 120,210         | \$ -                 | \$ 1,752,050           |
| 85,501                | -                 | -                              | -                 | -                      | -                  | -                    | -                      |
| -                     | -                 | -                              | 171,247           | 3,043,157              | 47,500             | 1,399,722            | -                      |
| -                     | -                 | 2,027                          | -                 | 5,856                  | -                  | 217,770              | -                      |
| 46,292                | 1,658             | 6,018                          | -                 | 65,222                 | -                  | 6,678                | 22,122                 |
| -                     | -                 | -                              | -                 | -                      | -                  | 99,374               | 500                    |
| 12,397                | 619,434           | 82,987                         | -                 | 7,817                  | -                  | -                    | 2,171                  |
| <b>144,190</b>        | <b>621,092</b>    | <b>91,032</b>                  | <b>171,247</b>    | <b>3,122,052</b>       | <b>167,710</b>     | <b>1,723,544</b>     | <b>1,776,843</b>       |
| <br>                  | <br>              | <br>                           | <br>              | <br>                   | <br>               | <br>                 | <br>                   |
| -                     | -                 | -                              | -                 | 54,199                 | -                  | 103,630              | -                      |
| -                     | 1,144             | -                              | -                 | 23,005                 | -                  | -                    | -                      |
| -                     | -                 | 100,396                        | -                 | 114,302                | -                  | -                    | -                      |
| -                     | -                 | -                              | 92,360            | 4,202,051              | -                  | -                    | -                      |
| -                     | 508,489           | -                              | -                 | -                      | 79                 | -                    | -                      |
| -                     | -                 | -                              | -                 | -                      | 4,910,735          | -                    | -                      |
| -                     | -                 | -                              | -                 | -                      | 3,442,829          | -                    | -                      |
| -                     | -                 | -                              | -                 | -                      | -                  | 1,804,313            | 835,230                |
| <b>-</b>              | <b>509,633</b>    | <b>100,396</b>                 | <b>92,360</b>     | <b>4,393,557</b>       | <b>8,353,643</b>   | <b>1,907,943</b>     | <b>835,230</b>         |
| <br>                  | <br>              | <br>                           | <br>              | <br>                   | <br>               | <br>                 | <br>                   |
| <b>144,190</b>        | <b>111,459</b>    | <b>(9,364)</b>                 | <b>78,887</b>     | <b>(1,271,505)</b>     | <b>(8,185,933)</b> | <b>(184,399)</b>     | <b>941,613</b>         |
| <br>                  | <br>              | <br>                           | <br>              | <br>                   | <br>               | <br>                 | <br>                   |
| -                     | -                 | -                              | -                 | 82,292                 | -                  | 813,990              | 938,072                |
| -                     | -                 | -                              | -                 | 1,207                  | -                  | 11,914               | 13,785                 |
| -                     | -                 | -                              | -                 | 378,807                | 8,599,683          | 402,774              | 3,676                  |
| (146,778)             | -                 | (11,645)                       | -                 | (61,968)               | (416,707)          | (163,905)            | (632,353)              |
| -                     | -                 | -                              | -                 | -                      | -                  | -                    | -                      |
| -                     | -                 | -                              | -                 | 105,764                | -                  | -                    | -                      |
| <b>(146,778)</b>      | <b>-</b>          | <b>(11,645)</b>                | <b>-</b>          | <b>506,102</b>         | <b>8,182,976</b>   | <b>1,064,773</b>     | <b>323,180</b>         |
| <br>                  | <br>              | <br>                           | <br>              | <br>                   | <br>               | <br>                 | <br>                   |
| (2,588)               | 111,459           | (21,009)                       | 78,887            | (765,403)              | (2,957)            | 880,374              | 1,264,793              |
| <b>38,241</b>         | <b>306,461</b>    | <b>1,233,379</b>               | <b>13,664</b>     | <b>9,967,756</b>       | <b>28,488</b>      | <b>358,013</b>       | <b>4,379,766</b>       |
| <b>\$ 35,653</b>      | <b>\$ 417,920</b> | <b>\$ 1,212,370</b>            | <b>\$ 92,551</b>  | <b>\$ 9,202,353</b>    | <b>\$ 25,531</b>   | <b>\$ 1,238,387</b>  | <b>\$ 5,644,559</b>    |

(Continued)

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**EXHIBIT A-2**  
**(continued)**

|  | <u>Capital</u>      | <u>Permanent Funds</u> |                  |                      | <u>Total</u> |
|--|---------------------|------------------------|------------------|----------------------|--------------|
|  | <u>Street</u>       | <u>Ella Lyons</u>      | <u>Library</u>   | <u>Nonmajor</u>      |              |
|  | <u>Construction</u> | <u>Peony Trail</u>     | <u>Gifts</u>     | <u>Governmental</u>  | <u>Funds</u> |
| <b>REVENUES</b>  |                     |                        |                  |                      |              |
| Taxes  | \$ 2,628,073        | \$ -                   | \$ -             | \$ 9,998,393         |              |
| Special assessments  | -                   | -                      | -                | 85,501               |              |
| Intergovernmental  | 3,443,940           | -                      | -                | 19,104,344           |              |
| Charges for services   | 35,033              | -                      | -                | 260,686              |              |
| Investment earnings  | 23,206              | 5,787                  | 87               | 177,070              |              |
| Contributions  | -                   | -                      | -                | 100,891              |              |
| Miscellaneous  | 49,967              | -                      | -                | 902,280              |              |
| Total Revenues   | <u>6,180,219</u>    | <u>5,787</u>           | <u>87</u>        | <u>30,629,165</u>    |              |
| <b>EXPENDITURES</b>  |                     |                        |                  |                      |              |
| Governmental activities                                      |                     |                        |                  |                      |              |
| Current  |                     |                        |                  |                      |              |
| Public works   | -                   | -                      | -                | 5,203,008            |              |
| Health and social services                                   | -                   | -                      | -                | 24,149               |              |
| Culture and recreation                                       | -                   | 3,711                  | -                | 218,409              |              |
| Community and economic development                           | -                   | -                      | -                | 9,540,235            |              |
| General government   | -                   | -                      | -                | 534,447              |              |
| Debt service   |                     |                        |                  |                      |              |
| Principal  | -                   | -                      | -                | 4,910,735            |              |
| Interest and fiscal charges                                  | -                   | -                      | -                | 3,442,829            |              |
| Capital projects   | 7,118,538           | -                      | -                | 9,758,081            |              |
| Total Expenditures   | <u>7,118,538</u>    | <u>3,711</u>           | <u>-</u>         | <u>33,631,893</u>    |              |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES | <u>(938,319)</u>    | <u>2,076</u>           | <u>87</u>        | <u>(3,002,728)</u>   |              |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                        |                  |                      |              |
| Issuance of debt   | 1,563,242           | -                      | -                | 3,397,596            |              |
| Premium on bonds   | 22,862              | -                      | -                | 49,768               |              |
| Transfers in   | 108,862             | -                      | 8,422            | 9,854,054            |              |
| Transfers out  | (296,314)           | -                      | -                | (7,611,973)          |              |
| Insurance recovery   | 25,178              | -                      | -                | 25,178               |              |
| Sale of capital assets                                       | -                   | -                      | -                | 105,764              |              |
| Total Other Financing Sources (Uses)                         | <u>1,423,830</u>    | <u>-</u>               | <u>8,422</u>     | <u>5,820,387</u>     |              |
| NET CHANGE IN FUND BALANCES                                  | 485,511             | 2,076                  | 8,509            | 2,817,659            |              |
| FUND BALANCES, BEGINNING                                     | <u>6,826,344</u>    | <u>139,192</u>         | <u>12,403</u>    | <u>25,196,200</u>    |              |
| FUND BALANCES, ENDING  | <u>\$ 7,311,855</u> | <u>\$ 141,268</u>      | <u>\$ 20,912</u> | <u>\$ 28,013,859</u> |              |

# NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

**Refuse Collection Fund** – This fund is used to account for the operations of the City's refuse collection services.

**Salt Fund** – This fund is used to account for the operations of the City's salt distribution.

**America's River Project** – This fund is used to account for all projects covered by the Vision Iowa Grant, including all matching funds.

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2015**

**EXHIBIT B-1**

|   | Refuse<br>Collection | Salt       | America's<br>River Project | Total Other<br>Enterprise<br>Funds |
|---|----------------------|------------|----------------------------|------------------------------------|
| <b>ASSETS</b>                               |                      |            |                            |                                    |
| <b>CURRENT ASSETS</b>                       |                      |            |                            |                                    |
| Cash and pooled cash investments            | \$ 771,561           | \$ -       | \$ -                       | \$ 771,561                         |
| Receivables                                 |                      |            |                            |                                    |
| Accounts                                    | 322,474              | -          | -                          | 322,474                            |
| Accrued interest                            | 1,329                | -          | -                          | 1,329                              |
| Total Current Assets                        | 1,095,364            | -          | -                          | 1,095,364                          |
| <b>NONCURRENT ASSETS</b>                    |                      |            |                            |                                    |
| Restricted cash and pooled cash investments | 50,000               | -          | -                          | 50,000                             |
| Capital assets                              |                      |            |                            |                                    |
| Buildings                                   | -                    | 175,458    | -                          | 175,458                            |
| Improvements to other than buildings        | -                    | 686,312    | -                          | 686,312                            |
| Machinery and equipment                     | 2,159,038            | 36,342     | -                          | 2,195,380                          |
| Accumulated depreciation                    | (1,165,639)          | (39,384)   | -                          | (1,205,023)                        |
| Net Capital Assets                          | 993,399              | 858,728    | -                          | 1,852,127                          |
| Total Noncurrent Assets                     | 1,043,399            | 858,728    | -                          | 1,902,127                          |
| Total Assets                                | 2,138,763            | 858,728    | -                          | 2,997,491                          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                      |            |                            |                                    |
| Pension related deferred outflows           | 127,814              | -          | -                          | 127,814                            |
| <b>LIABILITIES</b>                          |                      |            |                            |                                    |
| <b>CURRENT LIABILITIES</b>                  |                      |            |                            |                                    |
| Accounts payable                            | 14,741               | -          | 2,015                      | 16,756                             |
| Accrued payroll                             | 31,535               | -          | -                          | 31,535                             |
| General obligation bonds payable            | 4,627                | -          | -                          | 4,627                              |
| Accrued compensated absences                | 1                    | -          | -                          | 1                                  |
| Accrued interest payable                    | 243                  | -          | -                          | 243                                |
| Due to other funds                          | -                    | 88         | -                          | 88                                 |
| Total Current Liabilities                   | 51,147               | 88         | 2,015                      | 53,250                             |
| <b>NONCURRENT LIABILITIES</b>               |                      |            |                            |                                    |
| General obligation bonds payable            | 85,452               | -          | -                          | 85,452                             |
| Accrued Compensated Absences                | 270,462              | -          | -                          | 270,462                            |
| Net pension liability                       | 616,825              | -          | -                          | 616,825                            |
| Net OPEB Liability                          | 166,807              | -          | -                          | 166,807                            |
| Total Noncurrent Liabilities                | 1,139,546            | -          | -                          | 1,139,546                          |
| Total Liabilities                           | 1,190,693            | 88         | 2,015                      | 1,192,796                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                      |            |                            |                                    |
| Pension related deferred inflows            | 235,239              | -          | -                          | 235,239                            |
| <b>NET POSITION</b>                         |                      |            |                            |                                    |
| Net investment in capital assets            | 903,319              | 858,728    | -                          | 1,762,047                          |
| Unrestricted                                | (62,674)             | (88)       | (2,015)                    | (64,777)                           |
| Total Net Position                          | \$ 840,645           | \$ 858,640 | \$ (2,015)                 | \$ 1,697,270                       |

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**EXHIBIT B-2**

|   | Refuse<br>Collection | Salt              | America's<br>River Project | Total<br>Enterprise<br>Funds |
|---|----------------------|-------------------|----------------------------|------------------------------|
| <b>OPERATING REVENUES</b>                       |                      |                   |                            |                              |
| Charges for sales and services                  | \$ 3,782,675         | \$ 193,390        | \$ -                       | \$ 3,976,065                 |
| Other   | 818                  | 38,881            | -                          | 39,699                       |
| <b>Total Operating Revenues</b>                 | <b>3,783,493</b>     | <b>232,271</b>    | <b>-</b>                   | <b>4,015,764</b>             |
| <b>OPERATING EXPENSES</b>                       |                      |                   |                            |                              |
| Employee expense                                | 2,546,424            | 557               | -                          | 2,546,981                    |
| Utilities                                       | 18,122               | -                 | -                          | 18,122                       |
| Repairs and maintenance                         | 246,920              | 3,715             | -                          | 250,635                      |
| Supplies and services                           | 655,945              | 212,780           | 24,000                     | 892,725                      |
| Insurance                                       | 20,441               | -                 | -                          | 20,441                       |
| Depreciation                                    | 255,244              | 27,639            | -                          | 282,883                      |
| <b>Total Operating Expenses</b>                 | <b>3,743,096</b>     | <b>244,691</b>    | <b>24,000</b>              | <b>4,011,787</b>             |
| <b>OPERATING INCOME (LOSS)</b>                  | <b>40,397</b>        | <b>(12,420)</b>   | <b>(24,000)</b>            | <b>3,977</b>                 |
| <b>NONOPERATING REVENUES</b>                    |                      |                   |                            |                              |
| Investment earnings                             | 5,659                | -                 | -                          | 5,659                        |
| Interest expense                                | (3,058)              | -                 | -                          | (3,058)                      |
| <b>Net Nonoperating Revenues</b>                | <b>2,601</b>         | <b>-</b>          | <b>-</b>                   | <b>2,601</b>                 |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>           | <b>42,998</b>        | <b>(12,420)</b>   | <b>(24,000)</b>            | <b>6,578</b>                 |
| <b>TRANSFERS IN</b>                             | <b>-</b>             | <b>50,277</b>     | <b>23,590</b>              | <b>73,867</b>                |
| <b>CHANGE IN NET POSITION</b>                   | <b>42,998</b>        | <b>37,857</b>     | <b>(410)</b>               | <b>80,445</b>                |
| <b>NET POSITION, BEGINNING,<br/>AS RESTATED</b> | <b>797,647</b>       | <b>820,783</b>    | <b>(1,605)</b>             | <b>1,616,825</b>             |
| <b>NET POSITION, ENDING</b>                     | <b>\$ 840,645</b>    | <b>\$ 858,640</b> | <b>\$ (2,015)</b>          | <b>\$ 1,697,270</b>          |

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2015**

|   | Refuse<br>Collection | Salt            | America's<br>River<br>Project | Total Other<br>Enterprise<br>Funds |
|---|----------------------|-----------------|-------------------------------|------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |                      |                 |                               |                                    |
| Cash received from customers                                      | \$ 3,770,166         | \$ 193,390      | \$ -                          | \$ 3,963,556                       |
| Cash payments to suppliers for goods and services                 | (935,336)            | (247,263)       | (23,590)                      | (1,206,189)                        |
| Cash payments to employees for services                           | (2,597,592)          | (557)           | -                             | (2,598,149)                        |
| Other operating receipts  | 818                  | 38,881          | -                             | 39,699                             |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>       | <b>238,056</b>       | <b>(15,549)</b> | <b>(23,590)</b>               | <b>198,917</b>                     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>            |                      |                 |                               |                                    |
| Transfers from other funds  | -                    | 50,277          | 23,590                        | 73,867                             |
| Payment of interfund balances                                     | -                    | (34,728)        | -                             | (34,728)                           |
| <b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>       | <b>-</b>             | <b>15,549</b>   | <b>23,590</b>                 | <b>39,139</b>                      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                      |                 |                               |                                    |
| Principal Paid  | (4,507)              | -               | -                             | (4,507)                            |
| Interest paid   | (3,058)              | -               | -                             | (3,058)                            |
| <b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <b>(7,565)</b>       | <b>-</b>        | <b>-</b>                      | <b>(7,565)</b>                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |                      |                 |                               |                                    |
| Interest received   | 6,540                | -               | -                             | 6,540                              |
| <b>NET INCREASE IN CASH AND POOLED INVESTMENTS</b>                | <b>237,031</b>       | <b>-</b>        | <b>-</b>                      | <b>237,031</b>                     |
| <b>CASH AND POOLED INVESTMENTS, BEGINNING</b>                     | <b>584,530</b>       | <b>-</b>        | <b>-</b>                      | <b>584,530</b>                     |
| <b>CASH AND POOLED INVESTMENTS, ENDING</b>                        | <b>\$ 821,561</b>    | <b>\$ -</b>     | <b>\$ -</b>                   | <b>\$ 821,561</b>                  |

|  | Business-type Activities - Enterprise Funds |                |                         |                              |
|--|---|----------------|-------------------------|------------------------------|
|  | Refuse Collection                           | Salt           | America's River Project | Total Other Enterprise Funds |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>   |   |                |                         |                              |
| <b>TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>   |   |                |                         |                              |
| Operating income (loss)  | \$ 40,397                                   | \$ (12,420)    | \$ (24,000)             | \$ 3,977                     |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities |   |                |                         |                              |
| Depreciation   | 255,244                                     | 27,639         | -                       | 282,883                      |
| Change in assets and liabilities   |   |                |                         |                              |
| (Increase)Decrease in receivables  | (12,509)                                    | -              | -                       | (12,509)                     |
| Increase (Decrease) in accounts payable  | 6,092                                       | (30,768)       | 410                     | (24,266)                     |
| Increase (Decrease) in accrued liabilities   | (24,761)                                    | -              | -                       | (24,761)                     |
| Increase (Decrease) in net pension liability   | (241,648)                                   | -              | -                       | (241,648)                    |
| (Increase) Decrease in deferred outflows   | (36,930)                                    | -              | -                       | (36,930)                     |
| Increase (Decrease) in deferred inflows  | 235,239                                     | -              | -                       | 235,239                      |
| Increase in net OPEB liability   | 16,932                                      | -              | -                       | 16,932                       |
| Total Adjustments  | <u>197,659</u>                              | <u>(3,129)</u> | <u>410</u>              | <u>194,940</u>               |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES   | \$ 238,056                                  | \$ (15,549)    | \$ (23,590)             | \$ 198,917                   |

# INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the government and to other government units, on a cost-reimbursement basis.

**General Service Fund** - This fund is used to account for engineering, street, and general services supplied to other departments.

**Garage Service Fund** - This fund is used to account for maintenance and repair services for the City's automotive equipment.

**Stores/Printing Fund** - This fund is used to account for printing, supplies, and other services provided to other departments.

**Health Insurance Reserve Fund** - This fund is used to account for health insurance costs.

**Workers' Compensation Reserve Fund** - This fund is used to account for workers' compensation costs.

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**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2015**

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|                                       | General<br>Service    | Garage<br>Service  | Stores/<br>Printing |
|---------------------------------------|-----------------------|--------------------|---------------------|
| <b>ASSETS</b>                         |                       |                    |                     |
| <b>CURRENT ASSETS</b>                 |                       |                    |                     |
| Cash and pooled cash investments      | \$ -                  | \$ 112,533         | \$ -                |
| Receivables                           |                       |                    |                     |
| Accounts                              | -                     | -                  | -                   |
| Accrued interest                      | -                     | -                  | -                   |
| Inventories                           | -                     | 61,842             | 12,865              |
| Prepaid items                         | -                     | -                  | -                   |
| <b>Total Current Assets</b>           | <b>-</b>              | <b>174,375</b>     | <b>12,865</b>       |
| <b>NONCURRENT ASSETS</b>              |                       |                    |                     |
| Capital assets                        |                       |                    |                     |
| Machinery and equipment               | -                     | 324,248            | -                   |
| Accumulated depreciation              | -                     | (84,159)           | -                   |
| <b>Net Capital Assets</b>             | <b>-</b>              | <b>240,089</b>     | <b>-</b>            |
| <b>Total Noncurrent Assets</b>        | <b>-</b>              | <b>240,089</b>     | <b>-</b>            |
| <b>Total Assets</b>                   | <b>-</b>              | <b>414,464</b>     | <b>12,865</b>       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                       |                    |                     |
| Pension related deferred outflows     | 219,064               | 73,125             | -                   |
| <b>LIABILITIES</b>                    |                       |                    |                     |
| <b>CURRENT LIABILITIES</b>            |                       |                    |                     |
| Accounts payable                      | -                     | 16,077             | -                   |
| Accrued payroll                       | 19,596                | 19,192             | -                   |
| Due to other funds                    | 16,357                | -                  | 10,569              |
| <b>Total Current Liabilities</b>      | <b>35,953</b>         | <b>35,269</b>      | <b>10,569</b>       |
| <b>NONCURRENT LIABILITIES</b>         |                       |                    |                     |
| Net pension liability                 | 1,057,199             | 352,903            | -                   |
| <b>Total Noncurrent Liabilities</b>   | <b>1,057,199</b>      | <b>352,903</b>     | <b>-</b>            |
| <b>Total Liabilities</b>              | <b>1,093,152</b>      | <b>388,172</b>     | <b>10,569</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                       |                    |                     |
| Pension related deferred inflows      | 403,185               | 134,587            | -                   |
| <b>NET POSITION</b>                   |                       |                    |                     |
| Net investment in capital assets      | -                     | 240,090            | -                   |
| Unrestricted                          | (1,277,273)           | (275,260)          | 2,296               |
| <b>Total Net Position (Deficit)</b>   | <b>\$ (1,277,273)</b> | <b>\$ (35,170)</b> | <b>\$ 2,296</b>     |

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| Health<br>Insurance<br>Reserve | Workers'<br>Compensation<br>Reserve | Total            |
|--------------------------------|-------------------------------------|------------------|
| \$ 1,746,376                   | \$ 871,579                          | \$ 2,730,488     |
| 313,235                        | -                                   | 313,235          |
| 2,825                          | 1,410                               | 4,235            |
| -                              | -                                   | 74,707           |
| -                              | 6,488                               | 6,488            |
| <u>2,062,436</u>               | <u>879,477</u>                      | <u>3,129,153</u> |
| <br>-                          | <br>-                               | <br>324,248      |
| <br>-                          | <br>-                               | <br>(84,159)     |
| <br>-                          | <br>-                               | <br>240,089      |
| <br>-                          | <br>-                               | <br>240,089      |
| <u>2,062,436</u>               | <u>879,477</u>                      | <u>3,369,242</u> |
| <br>-                          | <br>-                               | <br>292,189      |
| <br>504,512                    | <br>1,454,193                       | <br>1,974,782    |
| <br>-                          | <br>-                               | <br>38,788       |
| <br>-                          | <br>-                               | <br>26,926       |
| <u>504,512</u>                 | <u>1,454,193</u>                    | <u>2,040,496</u> |
| <br>-                          | <br>-                               | <br>1,410,102    |
| <br>-                          | <br>-                               | <br>1,410,102    |
| <u>504,512</u>                 | <u>1,454,193</u>                    | <u>3,450,598</u> |
| <br>-                          | <br>-                               | <br>537,772      |
| <br>1,557,924                  | <br>(574,716)                       | <br>240,090      |
| <u>1,557,924</u>               | <u>(574,716)</u>                    | <u>(567,029)</u> |
| <br>\$ 1,557,924               | <br>\$ (574,716)                    | <br>\$ (326,939) |

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICITS)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

---

|   | General<br>Service    | Garage<br>Service  | Stores/<br>Printing |
|---|-----------------------|--------------------|---------------------|
| <b>OPERATING REVENUES</b>                             |                       |                    |                     |
| Charges for sales and services                        | \$ 2,414,273          | \$ 2,184,180       | \$ 21,590           |
| Other   | -                     | 35,771             | -                   |
| <b>Total Operating Revenues</b>                       | <b>2,414,273</b>      | <b>2,219,951</b>   | <b>21,590</b>       |
| <b>OPERATING EXPENSES</b>                             |                       |                    |                     |
| Employee expense                                      | 2,320,475             | 910,855            | -                   |
| Utilities   | -                     | 26,520             | 3,865               |
| Repairs and maintenance                               | -                     | 32,288             | -                   |
| Supplies and services                                 | 5,235                 | 1,055,389          | 18,210              |
| Insurance   | 11,628                | 27,626             | -                   |
| Depreciation  | -                     | 28,337             | -                   |
| <b>Total Operating Expenses</b>                       | <b>2,337,338</b>      | <b>2,081,015</b>   | <b>22,075</b>       |
| <b>OPERATING INCOME (LOSS)</b>                        | <b>76,935</b>         | <b>138,936</b>     | <b>(485)</b>        |
| <b>NONOPERATING REVENUES (EXPENSES)</b>               |                       |                    |                     |
| Investment earnings                                   | -                     | -                  | -                   |
| Gain on disposal of assets                            | -                     | 5,765              | -                   |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>                 | <b>76,935</b>         | <b>144,701</b>     | <b>(485)</b>        |
| <b>TRANSFERS IN</b>                                   | <b>-</b>              | <b>300,000</b>     | <b>-</b>            |
| <b>CHANGE IN NET POSITION</b>                         | <b>76,935</b>         | <b>444,701</b>     | <b>(485)</b>        |
| <b>NET POSITION (DEFICIT), BEGINNING, AS RESTATED</b> | <b>(1,354,208)</b>    | <b>(479,871)</b>   | <b>2,781</b>        |
| <b>NET POSITION (DEFICIT), ENDING</b>                 | <b>\$ (1,277,273)</b> | <b>\$ (35,170)</b> | <b>\$ 2,296</b>     |

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| Health<br>Insurance<br>Reserve | Workers'<br>Compensation<br>Reserve | Total               |
|--------------------------------|-------------------------------------|---------------------|
| \$ 9,937,907                   | \$ 1,083,684                        | \$ 15,641,634       |
| 25,569                         | 1,533                               | 62,873              |
| <u>9,963,476</u>               | <u>1,085,217</u>                    | <u>15,704,507</u>   |
|                                |                                     | 3,231,330           |
| -                              | -                                   | 30,385              |
| -                              | -                                   | 32,288              |
| 9,639,205                      | 1,039,886                           | 11,757,925          |
| 29,372                         | 190,926                             | 259,552             |
| -                              | -                                   | <u>28,337</u>       |
| <u>9,668,577</u>               | <u>1,230,812</u>                    | <u>15,339,817</u>   |
| 294,899                        | (145,595)                           | 364,690             |
| 12,292                         | 7,850                               | 20,142              |
| -                              | -                                   | <u>5,765</u>        |
| 307,191                        | (137,745)                           | 390,597             |
| -                              | -                                   | <u>300,000</u>      |
| 307,191                        | (137,745)                           | 690,597             |
| 1,250,733                      | (436,971)                           | (1,017,536)         |
| <u>\$ 1,557,924</u>            | <u>\$ (574,716)</u>                 | <u>\$ (326,939)</u> |

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2015**

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|  | <b>General<br/>Service</b> | <b>Garage<br/>Service</b> | <b>Stores/<br/>Printing</b> |
|--|----------------------------|---------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                            |                           |                             |
| Cash received from customers   | \$ 2,414,273               | \$ 2,184,180              | \$ 21,590                   |
| Cash payments to suppliers for goods and services  | (16,984)                   | (1,126,542)               | (23,647)                    |
| Cash payments to employees for services  | (2,395,425)                | (933,529)                 | -                           |
| Other operating receipts   | -                          | 35,771                    | -                           |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>  | <b>1,864</b>               | <b>159,880</b>            | <b>(2,057)</b>              |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                            |                           |                             |
| Transfers to other funds   | -                          | 300,000                   | -                           |
| Proceeds from interfund balances   | -                          | -                         | 2,057                       |
| Payment of interfund balances  | (1,864)                    | (135,385)                 | -                           |
| <b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>                                   | <b>(1,864)</b>             | <b>164,615</b>            | <b>2,057</b>                |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                            |                           |                             |
| Acquisition and construction of capital assets   | -                          | (217,727)                 | -                           |
| Proceeds from sale of capital assets   | -                          | 5,765                     | -                           |
| <b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>  | <b>-</b>                   | <b>(211,962)</b>          | <b>-</b>                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                            |                           |                             |
| Interest received  | -                          | -                         | -                           |
| <b>NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS</b>  | <b>-</b>                   | <b>112,533</b>            | <b>-</b>                    |
| <b>CASH AND POOLED INVESTMENTS, BEGINNING</b>  | <b>\$ -</b>                | <b>\$ -</b>               | <b>\$ -</b>                 |
| <b>CASH AND POOLED INVESTMENTS, ENDING</b>   | <b>\$ -</b>                | <b>\$ 112,533</b>         | <b>\$ -</b>                 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b> |                            |                           |                             |
| Operating income (loss)  | \$ 76,935                  | \$ 138,936                | \$ (485)                    |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities |                            |                           |                             |
| Depreciation   | -                          | 28,337                    | -                           |
| Change in assets and liabilities   |                            |                           |                             |
| Increase in receivables  | -                          | -                         | -                           |
| (Increase) Decrease in inventories and prepaid items   | -                          | 25,082                    | (1,572)                     |
| Increase (Decrease) in accounts payable  | (120)                      | (9,801)                   | -                           |
| Increase (Decrease) in net pension liability   | (414,170)                  | (138,253)                 | -                           |
| (Increase) Decrease in deferred outflows   | (63,296)                   | (21,128)                  | -                           |
| Increase in deferred inflows   | 403,185                    | 134,587                   | -                           |
| Increase (Decrease) in accrued liabilities   | (670)                      | 2,120                     | -                           |
| <b>Total Adjustments</b>   | <b>(75,071)</b>            | <b>20,944</b>             | <b>(1,572)</b>              |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>  | <b>\$ 1,864</b>            | <b>\$ 159,880</b>         | <b>\$ (2,057)</b>           |

| Health<br>Insurance<br>Reserve | Workers'<br>Compensation<br>Reserve | Total  |
|--------------------------------|-------------------------------------|--|
| \$ 9,723,837<br>(9,862,845)    | \$ 1,083,684<br>(865,417)           | \$ 15,427,564<br>(11,895,435)<br>(3,328,954) |
| 25,569                         | 1,533                               | 62,873                                       |
| (113,439)                      | 219,800                             | 266,048                                      |
|                                |                                     |  |
| -                              | -                                   | 300,000                                      |
| -                              | -                                   | 2,057  |
| -                              | -                                   | (137,249)                                    |
| -                              | -                                   | 164,808                                      |
|                                |                                     |  |
| -                              | -                                   | (217,727)                                    |
| -                              | -                                   | 5,765  |
| -                              | -                                   | (211,962)                                    |
|                                |                                     |  |
| 16,435                         | 8,870                               | 25,305                                       |
|                                |                                     |  |
| (97,004)                       | 228,670                             | 244,199                                      |
|                                |                                     |  |
| 1,843,380                      | 642,909                             | 2,486,289                                    |
| <u>\$ 1,746,376</u>            | <u>\$ 871,579</u>                   | <u>\$ 2,730,488</u>                          |
|                                |                                     |  |
|                                |                                     |  |
| \$ 294,899                     | \$ (145,595)                        | \$ 364,690                                   |
|                                |                                     |  |
|                                |                                     |  |
| -                              | -                                   | 28,337                                       |
|                                |                                     |  |
| (214,070)                      | -                                   | (214,070)                                    |
| 50,983                         | (6,488)                             | 68,005                                       |
| (245,251)                      | 371,883                             | 116,710                                      |
| -                              | -                                   | (552,422)                                    |
| -                              | -                                   | (84,424)                                     |
| -                              | -                                   | 537,772                                      |
| -                              | -                                   | 1,450  |
| <u>(408,338)</u>               | <u>365,395</u>                      | <u>(98,642)</u>                              |
|                                |                                     |  |
|                                |                                     |  |
| \$ (113,439)                   | \$ 219,800                          | \$ 266,048                                   |

# AGENCY FUNDS

The agency fund is used to report resources held by the City in a purely custodial capacity.

**Cable Equipment Fund** – This fund is used to account for resources received under the cable franchise agreement to support public, educational, and governmental access and internet use grants.

**Dog Track Depreciation Fund** – This fund is used to account for the resources held for improvements at the greyhound racing facility.

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**EXHIBIT D-1**

|                                    | <u>Balance<br/>Beginning<br/>of Year</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance<br/>End<br/>of Year</u> |
|------------------------------------|--|-------------------|-------------------|------------------------------------|
| <b>CABLE EQUIPMENT FUND</b>        |  |                   |                   |                                    |
| <b>ASSETS</b>                      |  |                   |                   |                                    |
| Cash and pooled cash investments   | \$ 510,076                               | \$ 218,431        | \$ 88,233         | \$ 640,274                         |
| Accounts receivable                | 54,656                                   | -                 | 3,578             | 51,078                             |
| Total Assets                       | <u>\$ 564,732</u>                        | <u>\$ 218,431</u> | <u>\$ 91,811</u>  | <u>\$ 691,352</u>                  |
| <b>LIABILITIES</b>                 |  |                   |                   |                                    |
| Accounts payable                   | \$ 4,640                                 | \$ -              | \$ 4,640          | \$ -                               |
| Due to other agency                | 560,092                                  | 218,431           | 87,171            | 691,352                            |
| Total Liabilities                  | <u>\$ 564,732</u>                        | <u>\$ 218,431</u> | <u>\$ 91,811</u>  | <u>\$ 691,352</u>                  |
| <b>DOG TRACK DEPRECIATION FUND</b> |  |                   |                   |                                    |
| <b>ASSETS</b>                      |  |                   |                   |                                    |
| Cash and pooled cash investments   | \$ 592,292                               | \$ 124,586        | \$ 49,134         | \$ 667,744                         |
| Accrued interest                   | 2,239                                    | 1,080             | 2,239             | 1,080                              |
| Total Assets                       | <u>\$ 594,531</u>                        | <u>\$ 125,666</u> | <u>\$ 51,373</u>  | <u>\$ 668,824</u>                  |
| <b>LIABILITIES</b>                 |  |                   |                   |                                    |
| Due to other agency                | <u>\$ 594,531</u>                        | <u>\$ 125,666</u> | <u>\$ 51,373</u>  | <u>\$ 668,824</u>                  |
| <b>TOTAL AGENCY FUNDS</b>          |  |                   |                   |                                    |
| <b>ASSETS</b>                      |  |                   |                   |                                    |
| Cash and pooled cash investments   | \$ 1,102,368                             | \$ 343,017        | \$ 137,367        | \$ 1,308,018                       |
| Accounts receivable                | 54,656                                   | -                 | 3,578             | 51,078                             |
| Accrued interest                   | 2,239                                    | 1,080             | 2,239             | 1,080                              |
| Total Assets                       | <u>\$ 1,159,263</u>                      | <u>\$ 344,097</u> | <u>\$ 143,184</u> | <u>\$ 1,360,176</u>                |
| <b>LIABILITIES</b>                 |  |                   |                   |                                    |
| Accounts payable                   | \$ 4,640                                 | \$ -              | \$ 4,640          | \$ -                               |
| Due to other agency                | 1,154,623                                | 344,097           | 138,544           | 1,360,176                          |
| Total Liabilities                  | <u>\$ 1,159,263</u>                      | <u>\$ 344,097</u> | <u>\$ 143,184</u> | <u>\$ 1,360,176</u>                |

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**Statistical Section (unaudited)**  
**June 30, 2015**  
**City of Dubuque, Iowa**

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# **CITY OF DUBUQUE, IOWA**

## **STATISTICAL SECTION**

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This statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| <u>Contents</u>   | <u>Page</u> |
|---|-------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.  | 144         |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.  | 154         |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.   | 158         |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. | 169         |
| <b>Operating Information</b><br>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.                                | 172         |

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF DUBUQUE, IOWA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

|   | 2006                  | 2007                  | 2008                  | 2009                  | Fiscal -<br>2010      |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities                     |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 267,762,059        | \$ 288,978,975        | \$ 296,143,451        | \$ 298,855,346        | \$ 309,126,684        |
| Restricted                                  | 21,693,357            | 23,900,328            | 31,970,724            | 27,171,123            | 26,064,318            |
| Unrestricted                                | 15,132,486            | 21,921,571            | 18,987,841            | (5,280,715)           | (11,256,312)          |
| Total governmental activities net position  | <u>\$ 304,587,902</u> | <u>\$ 334,800,874</u> | <u>\$ 347,102,016</u> | <u>\$ 320,745,754</u> | <u>\$ 323,934,690</u> |
| Business-type activities                    |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 88,802,536         | \$ 91,483,532         | \$ 95,104,575         | \$ 120,473,286        | \$ 124,805,513        |
| Restricted                                  | 554,294               | 554,318               | 554,505               | 770,157               | 129,642               |
| Unrestricted                                | 13,258,072            | 11,214,900            | 11,312,806            | 12,321,125            | 11,679,961            |
| Total business-type activities net position | <u>\$ 102,614,902</u> | <u>\$ 103,252,750</u> | <u>\$ 106,971,886</u> | <u>\$ 133,564,568</u> | <u>\$ 136,615,116</u> |
| Primary government                          |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 356,564,595        | \$ 380,462,507        | \$ 391,248,026        | \$ 419,328,632        | \$ 433,932,197        |
| Restricted                                  | 22,247,651            | 24,454,646            | 32,525,229            | 27,941,280            | 26,193,960            |
| Unrestricted                                | 28,390,558            | 33,136,471            | 30,300,647            | 7,040,410             | 423,649               |
| Total primary government net positions      | <u>\$ 407,202,804</u> | <u>\$ 438,053,624</u> | <u>\$ 454,073,902</u> | <u>\$ 454,310,322</u> | <u>\$ 460,549,806</u> |

TABLE 1

| Year                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------|
| \$ 329,416,245        | \$ 347,890,769        | \$ 342,046,442        | \$ 354,732,451        | \$ 348,173,267        |      |
| 23,738,199            | 26,180,100            | 23,491,207            | 21,501,638            | 22,044,478            |      |
| (4,891,381)           | (16,876,988)          | (8,361,688)           | (18,151,279)          | (49,576,407)          |      |
| <u>\$ 348,263,063</u> | <u>\$ 357,193,881</u> | <u>\$ 357,175,961</u> | <u>\$ 358,082,810</u> | <u>\$ 320,641,338</u> |      |
| \$ 135,026,753        | \$ 132,237,734        | \$ 138,498,777        | \$ 138,842,390        | \$ 148,487,126        |      |
| 893,519               | 957,802               | 6,011,848             | 5,315,519             | 7,796,668             |      |
| 2,603,799             | 10,665,596            | (641,384)             | (593,202)             | (4,568,933)           |      |
| <u>\$ 138,524,071</u> | <u>\$ 143,861,132</u> | <u>\$ 143,869,241</u> | <u>\$ 143,564,707</u> | <u>\$ 151,714,861</u> |      |
| \$ 464,442,998        | \$ 480,128,503        | \$ 480,545,219        | \$ 493,574,841        | \$ 496,660,393        |      |
| 24,631,718            | 27,137,902            | 29,503,055            | 26,817,157            | 29,841,146            |      |
| (2,287,582)           | (6,211,392)           | (9,003,072)           | (18,744,481)          | (54,145,340)          |      |
| <u>\$ 486,787,134</u> | <u>\$ 501,055,013</u> | <u>\$ 501,045,202</u> | <u>\$ 501,647,517</u> | <u>\$ 472,356,199</u> |      |

**CITY OF DUBUQUE, IOWA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

|   | Fiscal -             |                      |                      |                      |                       |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|
|   | 2006                 | 2007                 | 2008                 | 2009                 | 2010                  |
| Expenses  |                      |                      |                      |                      |                       |
| Governmental activities:                        |                      |                      |                      |                      |                       |
| Public safety                                   | \$ 18,892,980        | \$ 20,326,724        | \$ 16,966,210        | \$ 22,038,265        | \$ 22,067,988         |
| Public works                                    | 16,390,322           | 16,505,560           | 18,847,068           | 19,079,688           | 22,121,629            |
| Health and social services                      | 678,748              | 759,367              | 800,566              | 849,237              | 852,099               |
| Culture and recreation                          | 9,627,505            | 9,837,299            | 10,857,409           | 12,640,716           | 11,446,084            |
| Community and economic development              | 8,541,167            | 11,965,805           | 11,961,584           | 12,693,140           | 15,422,099            |
| General government                              | 3,868,687            | 4,940,154            | 5,804,003            | 6,423,908            | 7,963,016             |
| Interest on long-term debt                      | 1,460,730            | 1,400,748            | 2,577,417            | 3,164,126            | 3,101,897             |
| Total governmental activities expenses          | <u>59,460,139</u>    | <u>65,735,657</u>    | <u>67,814,257</u>    | <u>76,889,080</u>    | <u>82,974,812</u>     |
| Business-type activities:                       |                      |                      |                      |                      |                       |
| Sewage disposal works                           | 5,298,353            | 5,814,076            | 6,141,524            | 6,326,708            | 6,631,326             |
| Water utility                                   | 4,700,483            | 4,780,063            | 4,814,692            | 6,100,491            | 6,093,827             |
| Stormwater utility                              | 1,153,628            | 1,198,675            | 1,706,735            | 2,138,198            | 2,213,144             |
| Parking facilities                              | 1,629,427            | 1,611,447            | 2,173,110            | 2,147,405            | 4,003,776             |
| America's River Project                         | 82,617               | 434,667              | 126,699              | 61,927               | 423,158               |
| Refuse collection                               | 2,463,795            | 2,496,018            | 2,724,050            | 2,788,665            | 2,703,887             |
| Transit system                                  | 2,555,080            | 2,760,459            | 2,703,983            | 2,625,145            | 2,832,066             |
| Salt  | -                    | -                    | -                    | -                    | -                     |
| Total business-type activities expenses         | <u>17,883,383</u>    | <u>19,095,405</u>    | <u>20,390,793</u>    | <u>22,188,539</u>    | <u>24,901,184</u>     |
| Total primary government expenses               | <u>\$ 77,343,522</u> | <u>\$ 84,831,062</u> | <u>\$ 88,205,050</u> | <u>\$ 99,077,619</u> | <u>\$ 107,875,996</u> |
| Program Revenues                                |                      |                      |                      |                      |                       |
| Governmental activities:                        |                      |                      |                      |                      |                       |
| Charges for services                            |                      |                      |                      |                      |                       |
| Public safety                                   | 1,809,481            | 1,857,324            | 2,088,723            | 2,020,625            | 2,348,064             |
| Public works                                    | 3,370,291            | 4,839,781            | 4,061,883            | 4,456,364            | 4,046,583             |
| Culture and recreation                          | 2,218,315            | 2,251,562            | 2,109,571            | 2,279,688            | 2,192,886             |
| Other activities                                | 895,920              | 1,074,550            | 1,382,889            | 1,557,597            | 2,412,880             |
| Operating grants and contributions              | 12,902,410           | 11,641,904           | 11,709,123           | 12,599,967           | 20,830,113            |
| Capital grants and contributions                | 6,881,573            | 23,741,282           | 8,032,602            | 4,811,729            | 10,748,522            |
| Total governmental activities program revenues  | <u>28,077,990</u>    | <u>45,406,403</u>    | <u>29,384,791</u>    | <u>27,725,970</u>    | <u>42,579,048</u>     |
| Business-type activities:                       |                      |                      |                      |                      |                       |
| Charges for services                            |                      |                      |                      |                      |                       |
| Sewage disposal works                           | 5,077,491            | 5,259,432            | 5,484,079            | 5,904,535            | 5,893,730             |
| Water utility                                   | 4,669,340            | 4,743,896            | 4,875,530            | 5,320,642            | 5,326,202             |
| Stormwater utility                              | 928,850              | 1,227,243            | 1,766,334            | 2,291,249            | 2,282,625             |
| Parking facilities                              | 1,886,642            | 1,977,757            | 2,141,607            | 2,224,185            | 2,399,843             |
| America's River Project                         | 51,373               | 3,099                | 2,140                | -                    | 7,000                 |
| Refuse collection                               | 2,397,525            | 2,642,251            | 2,710,583            | 2,872,649            | 2,893,017             |
| Transit system                                  | 341,743              | 237,088              | 195,817              | 196,260              | 273,433               |
| Salt  | -                    | -                    | -                    | -                    | -                     |
| Operating grants and contributions              | 920,762              | 1,167,344            | 1,209,636            | 1,095,946            | 1,652,277             |
| Capital grants and contributions                | 2,769,657            | 1,670,874            | 2,830,263            | 3,613,321            | 3,800,582             |
| Total business-type activities program revenues | <u>19,043,383</u>    | <u>18,928,984</u>    | <u>21,215,989</u>    | <u>23,518,787</u>    | <u>24,528,709</u>     |
| Total primary government program revenues       | <u>\$ 47,121,373</u> | <u>\$ 64,335,387</u> | <u>\$ 50,600,780</u> | <u>\$ 51,244,757</u> | <u>\$ 67,107,757</u>  |

TABLE 2

| Year                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------|
| \$ 23,759,068         | \$ 26,326,367         | \$ 28,292,481         | \$ 27,578,517         | \$ 25,525,937         |      |
| 18,978,423            | 22,917,747            | 21,607,536            | 21,306,882            | 19,207,837            |      |
| 1,072,347             | 913,954               | 716,970               | 1,055,398             | 928,968               |      |
| 10,911,733            | 12,749,558            | 13,647,178            | 13,696,331            | 13,002,690            |      |
| 12,890,841            | 22,030,950            | 17,388,720            | 14,591,257            | 18,064,831            |      |
| 9,052,704             | 6,133,983             | 6,248,483             | 9,610,084             | 6,420,173             |      |
| 3,294,951             | 3,294,912             | 4,049,640             | 3,684,993             | 3,903,667             |      |
| <u>79,960,067</u>     | <u>94,367,471</u>     | <u>91,951,008</u>     | <u>91,523,462</u>     | <u>87,054,103</u>     |      |
| 7,899,011             | 9,718,669             | 9,375,748             | 11,481,103            | 12,019,866            |      |
| 6,523,993             | 7,410,710             | 6,817,772             | 8,812,340             | 7,800,393             |      |
| 2,811,321             | 2,750,767             | 3,347,304             | 3,431,096             | 4,131,562             |      |
| 4,775,834             | 3,152,055             | 3,586,405             | 3,732,492             | 3,383,419             |      |
| 180,086               | 22,787                | 22,770                | 33,579                | 24,000                |      |
| 2,828,891             | 3,173,075             | 3,468,859             | 3,750,366             | 3,740,404             |      |
| 2,947,958             | 3,629,750             | 3,492,095             | 3,847,320             | 4,245,823             |      |
| 671,647               | 661,395               | 346,066               | 56,468                | 244,691               |      |
| <u>28,638,741</u>     | <u>30,519,208</u>     | <u>30,457,019</u>     | <u>35,144,764</u>     | <u>35,590,158</u>     |      |
| <u>\$ 108,598,808</u> | <u>\$ 124,886,679</u> | <u>\$ 122,408,027</u> | <u>\$ 126,668,226</u> | <u>\$ 122,644,261</u> |      |
| 2,579,573             | 2,915,562             | 2,495,737             | 2,624,455             | 2,532,114             |      |
| 5,331,667             | 5,178,439             | 4,472,479             | 5,829,293             | 6,092,356             |      |
| 2,108,177             | 2,321,553             | 2,488,844             | 2,321,265             | 2,547,843             |      |
| 2,530,234             | 2,873,298             | 3,264,979             | 3,921,256             | 3,493,143             |      |
| 14,204,627            | 23,013,997            | 13,995,316            | 12,784,907            | 11,992,439            |      |
| 23,482,866            | 16,560,811            | 10,791,945            | 12,162,649            | 9,704,043             |      |
| <u>50,237,144</u>     | <u>52,863,660</u>     | <u>37,509,300</u>     | <u>39,643,825</u>     | <u>36,361,938</u>     |      |
| 6,643,974             | 7,827,281             | 8,924,785             | 10,025,673            | 10,582,662            |      |
| 5,638,277             | 6,037,073             | 6,922,582             | 7,248,790             | 7,463,430             |      |
| 2,993,539             | 3,180,134             | 3,192,256             | 3,224,504             | 3,490,040             |      |
| 2,750,610             | 2,908,989             | 2,883,865             | 2,920,148             | 3,036,214             |      |
| 3,082,197             | 3,257,960             | 3,346,795             | 3,700,922             | 3,783,493             |      |
| 193,236               | 278,835               | 307,314               | 275,907               | 397,545               |      |
| 773,258               | 665,942               | 395,000               | 45,600                | 232,271               |      |
| 2,773,933             | 1,579,493             | 2,264,695             | 1,717,208             | 1,866,535             |      |
| 6,536,527             | 5,323,486             | 1,240,583             | 2,920,942             | 10,020,715            |      |
| <u>31,385,551</u>     | <u>31,059,193</u>     | <u>29,477,875</u>     | <u>32,079,694</u>     | <u>40,872,905</u>     |      |
| <u>\$ 81,622,695</u>  | <u>\$ 83,922,853</u>  | <u>\$ 66,987,175</u>  | <u>\$ 71,723,519</u>  | <u>\$ 77,234,843</u>  |      |

(Continued)

**CITY OF DUBUQUE, IOWA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

|  | Fiscal -               |                        |                        |                        |                        |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | 2006                   | 2007                   | 2008                   | 2009                   | 2010                   |
| Net (Expense)/Revenue                              |                        |                        |                        |                        |                        |
| Governmental activities                            | \$ (31,382,149)        | \$ (20,329,254)        | \$ (38,429,466)        | \$ (49,163,110)        | \$ (40,395,764)        |
| Business-type activities                           | 1,160,000              | (166,421)              | 825,196                | 1,330,248              | (372,475)              |
| Total primary government net expense               | <u>\$ (30,222,149)</u> | <u>\$ (20,495,675)</u> | <u>\$ (37,604,270)</u> | <u>\$ (47,832,862)</u> | <u>\$ (40,768,239)</u> |
| General Revenues and Other Changes in Net Position |                        |                        |                        |                        |                        |
| Governmental activities:                           |                        |                        |                        |                        |                        |
| General Revenues                                   |                        |                        |                        |                        |                        |
| Property taxes                                     | 19,716,620             | 21,656,908             | 22,744,563             | 23,716,819             | 24,876,073             |
| Local option sales tax                             | 7,336,124              | 7,817,403              | 8,020,889              | 7,649,853              | 8,112,471              |
| Hotel/motel tax                                    | 1,862,439              | 1,569,743              | 1,622,455              | 1,611,954              | 1,678,806              |
| Utility franchise fees                             | 1,521,201              | 1,492,920              | 1,516,123              | 1,486,292              | 1,591,712              |
| Gaming   | 14,034,847             | 15,556,551             | 15,346,468             | 9,627,391              | 8,209,761              |
| Unrestricted investment earnings                   | 1,081,141              | 1,870,403              | 2,741,499              | 2,215,413              | 1,339,709              |
| Gain on sale of capital assets                     | 77,627                 | -                      | 92,525                 | 407,503                | -                      |
| Other  | 572,602                | 586,931                | 898,241                | 918,605                | 880,930                |
| Transfers  | <u>5,033,974</u>       | <u>(7,633)</u>         | <u>(2,252,155)</u>     | <u>(24,826,982)</u>    | <u>(3,104,762)</u>     |
| Total governmental activities                      | <u>51,236,575</u>      | <u>50,543,226</u>      | <u>50,730,608</u>      | <u>22,806,848</u>      | <u>43,584,700</u>      |
| Business-type activities:                          |                        |                        |                        |                        |                        |
| General Revenues                                   |                        |                        |                        |                        |                        |
| Unrestricted investment earnings                   | 339,599                | 796,636                | 630,049                | 433,148                | 294,562                |
| Gain on sale of capital assets                     | 703                    | -                      | 11,736                 | 2,304                  | 23,699                 |
| Extraordinary item                                 | -                      | -                      | -                      | -                      | -                      |
| Transfers  | <u>(5,033,974)</u>     | <u>7,633</u>           | <u>2,252,155</u>       | <u>24,826,982</u>      | <u>3,104,762</u>       |
| Total business-type activities                     | <u>(4,693,672)</u>     | <u>804,269</u>         | <u>2,893,940</u>       | <u>25,262,434</u>      | <u>3,423,023</u>       |
| Total primary government                           | <u>\$ 46,542,903</u>   | <u>\$ 51,347,495</u>   | <u>\$ 53,624,548</u>   | <u>\$ 48,069,282</u>   | <u>\$ 47,007,723</u>   |
| Change in Net Position                             |                        |                        |                        |                        |                        |
| Governmental activities                            | \$ 19,854,426          | \$ 30,213,972          | \$ 12,301,142          | \$ (26,356,262)        | \$ 3,188,936           |
| Business-type activities                           | <u>(3,533,672)</u>     | <u>637,848</u>         | <u>3,719,136</u>       | <u>26,592,682</u>      | <u>3,050,548</u>       |
| Total primary government                           | <u>\$ 16,320,754</u>   | <u>\$ 30,851,820</u>   | <u>\$ 16,020,278</u>   | <u>\$ 236,420</u>      | <u>\$ 6,239,484</u>    |

**TABLE 2**  
(continued)

| Year                   | 2011                   | 2012                   | 2013                   | 2014                   | 2015 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------|
| \$ (29,722,923)        | \$ (41,503,811)        | \$ (54,441,708)        | \$ (51,879,637)        | \$ (50,692,165)        |      |
| 2,746,810              | 539,985                | (979,144)              | (3,065,070)            | 5,282,747              |      |
| <u>\$ (26,976,113)</u> | <u>\$ (40,963,826)</u> | <u>\$ (55,420,852)</u> | <u>\$ (54,944,707)</u> | <u>\$ (45,409,418)</u> |      |
|                        |                        |                        |                        |                        |      |
| 28,249,114             | 30,816,614             | 32,668,554             | 33,264,283             | 36,277,719             |      |
| 7,929,761              | 8,459,888              | 8,764,787              | 8,211,366              | 8,760,246              |      |
| 1,826,809              | 1,903,944              | 1,953,763              | 2,006,514              | 2,623,551              |      |
| 2,488,858              | 2,272,481              | 2,568,347              | 2,609,421              | 2,828,688              |      |
| 13,327,223             | 8,785,453              | 8,452,298              | 7,878,008              | 7,397,709              |      |
| 668,363                | 1,529,149              | 201,153                | 777,958                | 668,134                |      |
| 149,937                | 1,417,048              | 907,122                | 483,782                | 19,495                 |      |
| 622,494                | -                      | -                      | -                      | -                      |      |
| (1,211,263)            | (4,749,948)            | (1,092,236)            | (2,444,846)            | (7,288,593)            |      |
| <u>54,051,296</u>      | <u>50,434,629</u>      | <u>54,423,788</u>      | <u>52,786,486</u>      | <u>51,286,949</u>      |      |
|                        |                        |                        |                        |                        |      |
| 184,581                | 206,672                | 65,351                 | 135,461                | 185,356                |      |
| 19,337                 | 84,178                 | 384,697                | 180,229                | 6,571                  |      |
| (2,253,036)            | (243,722)              | (555,031)              | -                      | -                      |      |
| 1,211,263              | 4,749,948              | 1,092,236              | 2,444,846              | 7,288,593              |      |
| (837,855)              | 4,797,076              | 987,253                | 2,760,536              | 7,480,520              |      |
| <u>\$ 53,213,441</u>   | <u>\$ 55,231,705</u>   | <u>\$ 55,411,041</u>   | <u>\$ 55,547,022</u>   | <u>\$ 58,767,469</u>   |      |
|                        |                        |                        |                        |                        |      |
| \$ 24,328,373          | \$ 8,930,818           | \$ (17,920)            | \$ 906,849             | \$ 594,784             |      |
| 1,908,955              | 5,337,061              | 8,109                  | (304,534)              | 12,763,267             |      |
| <u>\$ 26,237,328</u>   | <u>\$ 14,267,879</u>   | <u>\$ (9,811)</u>      | <u>\$ 602,315</u>      | <u>\$ 13,358,051</u>   |      |

**CITY OF DUBUQUE, IOWA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

|                                    | Fiscal -             |                      |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 |
| General Fund                       |                      |                      |                      |                      |                      |
| Reserved                           | \$ 1,477,141         | \$ 4,455,303         | \$ 1,699,825         | \$ 4,864,701         | \$ 5,199,760         |
| Unreserved                         | 16,050,997           | 17,827,631           | 17,982,016           | 14,206,181           | 8,622,705            |
| Nonspendable                       | -                    | -                    | -                    | -                    | -                    |
| Assigned                           | -                    | -                    | -                    | -                    | -                    |
| Unassigned                         | -                    | -                    | -                    | -                    | -                    |
| Total general fund                 | <u>\$ 17,528,138</u> | <u>\$ 22,282,934</u> | <u>\$ 19,681,841</u> | <u>\$ 19,070,882</u> | <u>\$ 13,822,465</u> |
| All Other Governmental Funds       |                      |                      |                      |                      |                      |
| Reserved                           | \$ 15,564,016        | \$ 13,942,519        | \$ 31,887,038        | \$ 19,634,305        | \$ 24,404,656        |
| Unreserved, reported in:           |                      |                      |                      |                      |                      |
| Special revenue funds              | 7,277,471            | 7,586,898            | 7,431,931            | 5,981,390            | 4,011,022            |
| Debt service fund                  | -                    | -                    | -                    | -                    | -                    |
| Capital projects funds             | (981,248)            | 4,195,354            | 7,875,448            | 5,659,214            | (989,025)            |
| Permanent funds                    | 83,367               | 115,825              | 33,958               | 35,550               | 33,273               |
| Nonspendable                       | -                    | -                    | -                    | -                    | -                    |
| Restricted                         | -                    | -                    | -                    | -                    | -                    |
| Committed                          | -                    | -                    | -                    | -                    | -                    |
| Unassigned                         | -                    | -                    | -                    | -                    | -                    |
| Total all other governmental funds | <u>\$ 21,943,606</u> | <u>\$ 25,840,596</u> | <u>\$ 47,228,375</u> | <u>\$ 31,310,459</u> | <u>\$ 27,459,926</u> |

\*Classification changed in 2011 due to adoption of GASB 54.

TABLE 3

| Year                 | 2011*                | 2012                 | 2013                 | 2014                 | 2015 |
|----------------------|----------------------|----------------------|----------------------|----------------------|------|
| \$                   | \$                   | \$                   | \$                   | \$                   | \$   |
| -                    | -                    | -                    | -                    | -                    | -    |
| 868,631              | 5,613,359            | 6,646,278            | 6,549,063            | 6,082,043            |      |
| 8,904,490            | 5,549,803            | 3,434,440            | 1,904,805            | 647,772              |      |
| 6,139,306            | 9,371,016            | 8,806,171            | 7,356,066            | 8,693,524            |      |
| <b>\$ 15,912,427</b> | <b>\$ 20,534,178</b> | <b>\$ 18,886,889</b> | <b>\$ 15,809,934</b> | <b>\$ 15,423,339</b> |      |
|                      |                      |                      |                      |                      |      |
| \$                   | \$                   | \$                   | \$                   | \$                   | \$   |
| -                    | -                    | -                    | -                    | -                    | -    |
| -                    | -                    | -                    | -                    | -                    | -    |
| -                    | -                    | -                    | -                    | -                    | -    |
| -                    | -                    | -                    | -                    | -                    | -    |
| -                    | -                    | -                    | -                    | -                    | -    |
| 10,320,305           | 10,975,468           | 9,092,520            | 8,640,780            | 1,183,423            |      |
| 18,010,570           | 31,362,126           | 30,738,046           | 23,620,615           | 30,496,183           |      |
| 5,203,472            | 5,843,671            | 10,827,172           | 10,548,592           | 12,298,896           |      |
| (377,363)            | (429,344)            | -                    | -                    | -                    |      |
| <b>\$ 33,156,984</b> | <b>\$ 47,751,921</b> | <b>\$ 50,657,738</b> | <b>\$ 42,809,987</b> | <b>\$ 43,978,502</b> |      |

**CITY OF DUBUQUE, IOWA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

|  | 2006                  | 2007                | 2008                 | 2009                   | Fiscal -<br>2010      |
|--|-----------------------|---------------------|----------------------|------------------------|-----------------------|
| <b>Revenues</b>  |                       |                     |                      |                        |                       |
| Taxes  | \$ 30,043,167         | \$ 32,526,525       | \$ 33,898,692        | \$ 34,454,146          | \$ 36,252,156         |
| Special assessments  | 322,214               | 586,459             | 177,585              | 250,372                | 318,178               |
| Licenses and permits   | 965,712               | 1,052,896           | 1,153,429            | 1,088,386              | 1,115,472             |
| Intergovernmental  | 15,021,722            | 16,744,703          | 14,256,523           | 15,796,822             | 27,310,624            |
| Charges for services   | 6,620,243             | 7,351,191           | 7,833,151            | 8,029,189              | 8,063,284             |
| Fines and forfeits   | 204,201               | 158,360             | 188,603              | 199,839                | 224,601               |
| Investment earnings  | 1,096,445             | 1,913,420           | 2,731,953            | 2,206,382              | 1,348,615             |
| Contributions  | 246,908               | 1,168,463           | 6,134,002            | 1,369,759              | 2,333,995             |
| Gaming   | 14,034,847            | 15,556,551          | 15,346,468           | 9,627,391              | 8,209,761             |
| Miscellaneous  | 1,106,991             | 1,149,546           | 1,269,376            | 1,600,679              | 2,111,834             |
| Total revenues   | <u>69,662,450</u>     | <u>78,208,114</u>   | <u>82,989,782</u>    | <u>74,622,965</u>      | <u>87,288,520</u>     |
| <b>Expenditures</b>  |                       |                     |                      |                        |                       |
| <b>Current</b>   |                       |                     |                      |                        |                       |
| Public safety  | 19,535,369            | 20,743,196          | 21,542,661           | 21,335,192             | 21,979,729            |
| Public works   | 11,605,567            | 12,506,378          | 16,331,107           | 14,261,551             | 19,251,625            |
| Health and social services                                   | 715,598               | 783,209             | 797,644              | 815,873                | 813,609               |
| Culture and recreation                                       | 9,998,462             | 10,244,244          | 10,277,787           | 12,227,506             | 14,909,517            |
| Community and economic development                           | 9,981,645             | 11,695,902          | 11,847,512           | 11,953,279             | 14,654,816            |
| General government   | 4,090,866             | 4,441,043           | 6,310,939            | 5,836,839              | 6,368,308             |
| <b>Debt service</b>  |                       |                     |                      |                        |                       |
| Principal  | 1,325,970             | 1,663,339           | 1,762,375            | 2,169,678              | 2,651,765             |
| Interest   | 1,493,504             | 1,412,012           | 2,406,431            | 3,095,166              | 3,145,735             |
| <b>Capital projects</b>                                      | <u>14,528,340</u>     | <u>8,227,257</u>    | <u>15,351,848</u>    | <u>24,274,120</u>      | <u>14,831,118</u>     |
| Total expenditures   | <u>73,275,321</u>     | <u>71,716,580</u>   | <u>86,628,304</u>    | <u>95,969,204</u>      | <u>98,606,222</u>     |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(3,612,871)</u>    | <u>6,491,534</u>    | <u>(3,638,522)</u>   | <u>(21,346,239)</u>    | <u>(11,317,702)</u>   |
| <b>Other Financing Sources (Uses)</b>                        |                       |                     |                      |                        |                       |
| Issuance of bonds  | 13,682                | 743,591             | 23,083,696           | 5,905,000              | 4,722,176             |
| Discount on bonds  | -                     | -                   | (266,158)            | (48,516)               | (31,990)              |
| Premiums on bonds  | -                     | -                   | -                    | -                      | 554,796               |
| Issuance of refunding bonds                                  | 1,515,750             | -                   | 2,965,000            | -                      | 8,885,000             |
| Payment to refunded bonds escrow agent                       | (1,494,371)           | -                   | (2,875,000)          | -                      | (9,405,000)           |
| Transfers in   | 7,334,605             | 10,394,726          | 14,801,589           | 7,451,152              | 7,993,297             |
| Transfers out  | (11,904,890)          | (11,789,548)        | (18,185,109)         | (9,084,228)            | (10,562,137)          |
| Insurance recovery   | -                     | -                   | -                    | -                      | -                     |
| Sale of capital assets                                       | 150,491               | 2,811,483           | 2,901,190            | 593,956                | 62,610                |
| Total other financing sources (uses)                         | <u>(4,384,733)</u>    | <u>2,160,252</u>    | <u>22,425,208</u>    | <u>4,817,364</u>       | <u>2,218,752</u>      |
| Net change in fund balances                                  | <u>\$ (7,997,604)</u> | <u>\$ 8,651,786</u> | <u>\$ 18,786,686</u> | <u>\$ (16,528,875)</u> | <u>\$ (9,098,950)</u> |

Debt service as a percentage of noncapital expenditures 4.99 % 5.01 % 6.55 % 7.68 % 7.74 %

TABLE 4

| Year | 2011                | 2012                 | 2013                | 2014                   | 2015               |
|------|---------------------|----------------------|---------------------|------------------------|--------------------|
| \$   | 40,428,894          | \$ 43,443,669        | \$ 45,440,973       | \$ 46,034,361          | \$ 50,490,204      |
|      | 232,535             | 596,138              | 175,486             | 154,692                | 85,501             |
|      | 1,170,922           | 1,570,022            | 1,271,771           | 1,136,941              | 1,198,420          |
|      | 26,171,082          | 37,574,783           | 26,580,831          | 23,050,052             | 20,828,524         |
|      | 8,723,086           | 9,296,329            | 8,952,179           | 10,264,257             | 10,711,243         |
|      | 454,117             | 525,389              | 484,128             | 455,219                | 362,661            |
|      | 654,587             | 1,511,437            | 180,016             | 756,809                | 668,134            |
|      | 1,297,621           | 1,578,376            | 370,154             | 678,561                | 789,268            |
|      | 13,327,223          | 8,785,453            | 8,452,298           | 7,878,008              | 7,397,709          |
|      | 2,075,262           | 1,319,558            | 1,315,915           | 1,705,275              | 1,466,542          |
|      | <u>94,535,329</u>   | <u>106,201,154</u>   | <u>93,223,751</u>   | <u>92,114,175</u>      | <u>93,998,206</u>  |
|      |                     |                      |                     |                        |                    |
|      | 23,950,386          | 24,476,772           | 26,506,714          | 27,644,190             | 27,570,773         |
|      | 14,429,415          | 12,385,929           | 13,416,108          | 13,942,772             | 11,200,427         |
|      | 1,040,114           | 828,837              | 680,466             | 1,049,194              | 939,172            |
|      | 11,279,951          | 10,873,474           | 11,218,019          | 12,351,497             | 12,300,454         |
|      | 12,361,176          | 22,237,140           | 18,678,496          | 14,420,980             | 16,418,909         |
|      | 7,686,929           | 6,335,947            | 5,035,108           | 5,898,293              | 5,977,605          |
|      | <u>2,820,371</u>    | <u>3,224,680</u>     | <u>3,182,240</u>    | <u>4,595,808</u>       | <u>4,910,735</u>   |
|      | <u>3,321,157</u>    | <u>3,220,546</u>     | <u>3,991,115</u>    | <u>3,650,694</u>       | <u>3,577,829</u>   |
|      | <u>15,102,893</u>   | <u>23,459,891</u>    | <u>16,636,698</u>   | <u>18,779,651</u>      | <u>14,829,037</u>  |
|      | <u>91,992,392</u>   | <u>107,043,216</u>   | <u>99,344,964</u>   | <u>102,333,079</u>     | <u>97,724,941</u>  |
|      |                     |                      |                     |                        |                    |
|      | <u>2,542,937</u>    | <u>(842,062)</u>     | <u>(6,121,213)</u>  | <u>(10,218,904)</u>    | <u>(3,726,735)</u> |
|      |                     |                      |                     |                        |                    |
|      | 6,996,722           | 27,215,363           | 6,577,268           | -                      | 11,137,321         |
|      | (39,547)            | (71,689)             | -                   | -                      | 72,852             |
|      | 1,642               | 123,990              | -                   | -                      | -                  |
|      | 705,000             | -                    | 4,949,148           | -                      | -                  |
|      | (690,000)           | -                    | (4,949,148)         | -                      | -                  |
|      | 15,850,523          | 8,773,387            | 15,295,630          | 15,862,516             | 18,073,553         |
|      | (18,961,892)        | (18,336,603)         | (16,981,203)        | (17,294,762)           | (25,241,795)       |
|      | 628,482             | 132,425              | 49,209              | 59,796                 | 106,288            |
|      | 753,153             | 2,221,877            | 2,438,837           | 666,648                | 360,436            |
|      | <u>5,244,083</u>    | <u>20,058,750</u>    | <u>7,379,741</u>    | <u>(705,802)</u>       | <u>4,508,655</u>   |
|      | <u>\$ 7,787,020</u> | <u>\$ 19,216,688</u> | <u>\$ 1,258,528</u> | <u>\$ (10,924,706)</u> | <u>\$ 781,920</u>  |
|      |                     |                      |                     |                        |                    |
|      | 8.49 %              | 7.65 %               | 8.57 %              | 9.51 %                 | 9.97 %             |

**CITY OF DUBUQUE, IOWA**  
**TAXABLE AND ASSESSED VALUE OF PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS OF DOLLARS)**

**TABLE 5**

| Levy<br>Year | Fiscal<br>Year | Real Property    |                   | Exemptions       |                  | Total             |         | Total<br>Assessed<br>Value | Total<br>Direct<br>Tax Rate |
|--------------|----------------|------------------|-------------------|------------------|------------------|-------------------|---------|----------------------------|-----------------------------|
|              |                | Taxable<br>Value | Assessed<br>Value | Real<br>Property | Taxable<br>Value | Assessed<br>Value |         |                            |                             |
| 2004         | 2006           | \$ 1,710,334     | \$ 2,679,078      | \$ 9,862         | \$ 1,700,472     | \$ 2,679,078      | 63.47 % | 9.69910 %                  |                             |
| 2005         | 2007           | 1,780,354        | 2,804,568         | 9,122            | 1,771,232        | 2,804,568         | 63.16   | 9.98030                    |                             |
| 2006         | 2008           | 1,823,304        | 2,870,178         | 8,939            | 1,814,365        | 2,870,178         | 63.21   | 10.31685                   |                             |
| 2007         | 2009           | 1,949,071        | 3,171,681         | 9,298            | 1,939,773        | 3,171,681         | 61.16   | 9.96904                    |                             |
| 2008         | 2010           | 2,033,135        | 3,239,112         | 9,246            | 2,023,889        | 3,239,112         | 62.48   | 9.85777                    |                             |
| 2009         | 2011           | 2,159,622        | 3,349,823         | 8,885            | 2,150,737        | 3,349,823         | 64.20   | 10.02742                   |                             |
| 2010         | 2012           | 2,243,474        | 3,406,186         | 8,875            | 2,234,599        | 3,406,186         | 65.60   | 10.45111                   |                             |
| 2011         | 2013           | 2,337,129        | 3,476,638         | 8,872            | 2,328,257        | 3,476,638         | 66.97   | 10.78478                   |                             |
| 2012         | 2014           | 2,398,151        | 3,503,774         | 8,799            | 2,389,352        | 3,503,774         | 68.19   | 11.02586                   |                             |
| 2013         | 2015           | 2,522,048        | 3,686,202         | 8,729            | 2,513,319        | 3,686,202         | 68.18   | 11.02588                   |                             |

Source: Dubuque County Assessor's and Auditor's Offices

**CITY OF DUBUQUE, IOWA**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**  
**TAX RATES PER \$1,000 ASSESSED VALUE**

**TABLE 6**

| Levy Year | Fiscal Year | Dubuque City | Dubuque School District | Board of Education and Independents | Area 1 Voc. Tech | Dubuque County | Total       | Ratio of Dubuque City to Total |
|-----------|-------------|--------------|-------------------------|-------------------------------------|------------------|----------------|-------------|--------------------------------|
| 2004      | 2006        | \$ 9.69910   | \$ 15.09695             | \$ 0.60226                          | \$ 0.60517       | \$ 6.08416     | \$ 32.08764 | 30.23 %                        |
| 2005      | 2007        | 9.98033      | 15.92538                | 0.60802                             | 0.61127          | 6.17924        | 33.30424    | 29.97                          |
| 2006      | 2008        | 10.31690     | 16.40925                | 0.63160                             | 0.61270          | 6.42691        | 34.39736    | 29.99                          |
| 2007      | 2009        | 9.96904      | 16.89000                | 0.95250                             | 0.55713          | 6.41459        | 34.78326    | 28.66                          |
| 2008      | 2010        | 9.85777      | 16.87918                | 0.57970                             | 0.99471          | 6.40435        | 34.71571    | 28.40                          |
| 2009      | 2011        | 10.02742     | 16.88349                | 0.55740                             | 1.03532          | 6.50193        | 35.00556    | 28.65                          |
| 2010      | 2012        | 10.45111     | 16.87685                | 0.67766                             | 1.07379          | 6.49167        | 35.57108    | 29.38                          |
| 2011      | 2013        | 10.78477     | 15.40388                | 0.71653                             | 0.98407          | 6.43124        | 34.32049    | 31.42                          |
| 2012      | 2014        | 11.02586     | 14.60281                | 0.75274                             | 0.90455          | 6.43124        | 33.71720    | 32.70                          |
| 2013      | 2015        | 11.02588     | 13.99630                | 0.66355                             | 0.90807          | 6.43124        | 33.02504    | 33.39                          |

Separate components of the Dubuque City Rate is as follows:

| Levy Year | Fiscal Year | General    | Public Transit | Insurance  | Employee Benefits | Debt Service | Total      |
|-----------|-------------|------------|----------------|------------|-------------------|--------------|------------|
| 2004      | 2006        | \$ 8.10000 | \$ 0.42561     | \$ 0.22000 | \$ 0.95349        | \$ -         | \$ 9.69910 |
| 2005      | 2007        | 8.10000    | 0.53643        | 0.21308    | 1.13082           | -            | 9.98033    |
| 2006      | 2008        | 8.10000    | 0.60729        | 0.21760    | 1.39201           | -            | 10.31690   |
| 2007      | 2009        | 8.10000    | 0.66727        | 0.08685    | 1.11492           | -            | 9.96904    |
| 2008      | 2010        | 8.10000    | 0.60000        | 0.21492    | 0.90583           | 0.03702      | 9.85777    |
| 2009      | 2011        | 8.10000    | 0.54469        | 0.20531    | 1.12441           | 0.05300      | 10.02741   |
| 2010      | 2012        | 8.10000    | 0.35273        | 0.19508    | 1.75052           | 0.05278      | 10.45111   |
| 2011      | 2013        | 8.10000    | 0.49516        | 0.13965    | 2.02267           | 0.02729      | 10.78477   |
| 2012      | 2014        | 8.10000    | 0.38382        | 0.16288    | 2.33093           | 0.04823      | 11.02586   |
| 2013      | 2015        | 8.10000    | 0.48268        | 0.16595    | 2.23209           | 0.04516      | 11.02588   |

Source: Dubuque County Auditor's Office.

**CITY OF DUBUQUE, IOWA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(IN THOUSANDS OF DOLLARS)**

TABLE 7

| Taxpayer                            | 2015                         |      |  | 2006                         |      |  |
|-------------------------------------|------------------------------|------|--|------------------------------|------|--|
|                                     | Taxable<br>Assessed<br>Value | Rank | Percentage of<br>Total City<br>Taxable<br>Assessed Value | Taxable<br>Assessed<br>Value | Rank | Percentage of<br>Total City<br>Taxable<br>Assessed Value |
| Peninsula Gaming Company LLC        | \$ 56,945                    | 1    | 2.26 %   |                              |      |  |
| Kennedy Mall Inc.                   | 35,410                       | 2    | 1.40   | \$ 23,834                    | 1    | 1.39 %   |
| Progressive Processing LLC (Hormel) | 25,065                       | 3    | 0.99   |                              |      |  |
| Medical Associates Realty LLC       | 20,945                       | 4    | 0.83   | 17,880                       | 2    | 1.05   |
| Nordstrom, Inc.                     | 15,559                       | 5    | 0.62   | 16,723                       | 4    | 0.98   |
| Walter Development LLC              | 14,623                       | 6    | 0.58   |                              |      |  |
| The McGraw Hill Companies Inc.      | 14,487                       | 7    | 0.57   |                              |      |  |
| Platinum Holdings LLC               | 14,062                       | 8    | 0.56   | 10,162                       | 6    | 0.59   |
| Flexsteel Industries Inc.           | 12,534                       | 9    | 0.50   |                              |      |  |
| Lexington Dubuque LLC               |                              |      | 0.47   | 9,815                        | 7    | 0.57   |
| Otto A LLC                          | 11,892                       | 10   |  |                              |      |  |
| Asbury Dubuque LLC                  |                              |      |  | 17,500                       | 3    | 1.02   |
| Minglewood Limited Partnership      |                              |      |  | 9,095                        | 9    | 0.53   |
| U.S. West Communications            |                              |      |  | 9,043                        | 10   | 0.53   |
| American Trust & Savings Bank       |                              |      |  | 9,401                        | 8    | 0.55   |
|                                     |                              |      |  | 10,531                       | 5    | 0.62   |
|                                     | \$ 221,522                   |      | 8.78 %   | \$ 133,984                   |      | 7.83 %   |

Source: Dubuque County Auditor's Office

**CITY OF DUBUQUE, IOWA**  
**PROPERTY TAX LEVIES AND**  
**COLLECTIONS LAST TEN FISCAL YEARS**  
**(IN THOUSANDS OF DOLLARS )**

**TABLE 8**

| Fiscal Year | Levy Year | Total Tax Levy <sup>1</sup> | Current Tax Collections | Percent of Current Taxes Collected | Delinquent Tax Collections | Total Tax Collections <sup>2</sup> | Total Tax Collections to Total Tax Levy | Outstanding Delinquent Taxes | Ratio of Delinquent Taxes to Total Tax Levy |
|-------------|-----------|-----------------------------|-------------------------|------------------------------------|----------------------------|------------------------------------|---|------------------------------|---|
| 2006        | 2005      | \$ 16,229                   | \$ 16,146               | 99.5 %                             | 2                          | \$ 16,148                          | 99.5 %                                  | \$ 182                       | 1.12  |
| 2007        | 2006      | 17,216                      | 17,193                  | 99.9                               | 4                          | 17,197                             | 99.9                                    | 174                          | 1.01  |
| 2008        | 2007      | 18,211                      | 18,160                  | 99.7                               | 3                          | 18,163                             | 99.7                                    | 215                          | 1.18  |
| 2009        | 2008      | 18,992                      | 18,690                  | 98.4                               | 5                          | 18,695                             | 98.4                                    | 262                          | 1.38  |
| 2010        | 2009      | 19,124                      | 19,117                  | 99.9                               | (10)                       | 19,107                             | 99.9                                    | 202                          | 1.06  |
| 2011        | 2010      | 19,906                      | 19,793                  | 99.4                               | 13                         | 19,806                             | 99.5                                    | 276                          | 1.39  |
| 2012        | 2011      | 21,340                      | 21,339                  | 100.0                              | 1                          | 21,340                             | 99.9                                    | 185                          | 0.87  |
| 2013        | 2012      | 22,789                      | 22,752                  | 99.8                               | 7                          | 22,759                             | 99.9                                    | 182                          | 0.80  |
| 2014        | 2013      | 23,993                      | 23,915                  | 99.7                               | 8                          | 23,923                             | 99.7                                    | 211                          | 0.88  |
| 2015        | 2014      | 24,866                      | 24,715                  | 99.4                               | 7                          | 24,722                             | 99.4                                    | 362                          | 1.46  |

<sup>1</sup>Excludes tax increment levy.

<sup>2</sup>Includes taxes collected in June by the County but not received by the City until July.

**CITY OF DUBUQUE**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

| Fiscal Year | Governmental Activities  |                               |                               |                     | Business - General Obligation Bonds |
|-------------|--------------------------|-------------------------------|-------------------------------|---------------------|-------------------------------------|
|             | General Obligation Bonds | Tax Increment Financing Bonds | Tax Increment Financing Notes | Other Loans Payable |                                     |
| 2006        | \$ 24,036,627            | \$ 3,040,304                  | \$ 590,439                    | \$ -                | \$ 11,428,712                       |
| 2007        | 22,870,646               | 2,594,831                     | 1,279,885                     | -                   | 10,895,593                          |
| 2008        | 21,752,907               | 24,879,116                    | 1,279,885                     | -                   | 11,384,371                          |
| 2009        | 25,941,693               | 24,363,262                    | 1,169,684                     | 150,000             | 14,448,770                          |
| 2010        | 27,887,864               | 24,449,674                    | 1,049,696                     | 282,857             | 23,957,802                          |
| 2011        | 32,561,048               | 23,037,222                    | 1,931,348                     | 282,857             | 25,254,652                          |
| 2012        | 53,087,811               | 22,258,283                    | 1,767,664                     | 4,735,714           | 35,108,003                          |
| 2013        | 56,517,165               | 21,920,537                    | 1,235,903                     | 5,638,871           | 34,921,131                          |
| 2014        | 52,568,648               | 21,556,435                    | 1,030,036                     | 5,541,428           | 32,738,862                          |
| 2015        | 59,614,941               | 21,165,946                    | 811,608                       | 5,444,285           | 45,868,394                          |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Population and personal income data can be found in Table 17.

\*Personal Income unavailable at report date

**TABLE 9**


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| Type Activities |   | Capital<br>Loan<br>Notes | Revenue<br>Bonds | Other<br>Loans<br>Payable | Total<br>Primary<br>Government | Percentage of<br>Personal<br>Income <sup>1</sup> | Per<br>Capita <sup>1</sup> |
|-----------------|---|--------------------------|------------------|---------------------------|--------------------------------|--|----------------------------|
| \$              | - | \$ 940,000               | \$ -             | \$ 40,036,082             | 2.01%                          | \$ 694   |                            |
|                 | - | 720,000                  | -                | 38,360,955                | 1.81                           | 665  |                            |
| 611,977         |   | 490,000                  | -                | 60,398,256                | 2.66                           | 2,174  |                            |
| 3,914,076       |   | 1,434,713                | 390,890          | 71,813,088                | 3.22                           | 1,245  |                            |
| 8,289,621       |   | 1,115,430                | 371,978          | 87,404,922                | 3.88                           | 1,515  |                            |
| 33,195,408      |   | 6,777,793                | 2,252,109        | 125,292,437               | 5.12                           | 2,174  |                            |
| 61,957,749      |   | 6,521,188                | 331,235          | 185,767,647               | 7.14                           | 3,223  |                            |
| 75,415,431      |   | 6,260,299                | 309,304          | 202,218,641               | 7.77                           | 3,508  |                            |
| 82,924,949      |   | 14,151,437               | 286,263          | 210,798,058               | 8.11                           | 3,657  |                            |
| 85,477,970      |   | 34,543,432               | 262,055          | 253,188,631               | *                              | 4,393  |                            |

**CITY OF DUBUQUE**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**DOLLARS IN THOUSANDS EXCEPT PER CAPITA**

**TABLE 10**

| Fiscal Year | General Obligation Bonds | Taxable Value of Property | Percentage of Taxable Value of Property | Assessed Value of Property | Percentage of Assessed Value of Property | Per Capita |
|-------------|--------------------------|---------------------------|---|----------------------------|--|------------|
| 2006        | \$ 35,465                | \$ 1,700,472              | 2.09 %                                  | \$ 2,679,078               | 1.32 %                                   | 615        |
| 2007        | 33,766                   | 1,771,232                 | 1.91 %                                  | 2,804,658                  | 1.20 %                                   | 585        |
| 2008        | 33,137                   | 1,814,365                 | 1.83 %                                  | 2,870,178                  | 1.15 %                                   | 574        |
| 2009        | 40,390                   | 1,939,773                 | 2.08 %                                  | 3,171,681                  | 1.27 %                                   | 700        |
| 2010        | 51,846                   | 2,023,899                 | 2.56 %                                  | 3,239,112                  | 1.60 %                                   | 899        |
| 2011        | 57,816                   | 2,159,622                 | 2.68 %                                  | 3,349,823                  | 1.73 %                                   | 1,003      |
| 2012        | 88,196                   | 2,243,474                 | 3.93 %                                  | 3,406,186                  | 2.59 %                                   | 1,530      |
| 2013        | 91,438                   | 2,337,129                 | 3.91 %                                  | 3,476,638                  | 2.63 %                                   | 1,586      |
| 2014        | 85,308                   | 2,398,151                 | 3.56 %                                  | 3,503,774                  | 2.43 %                                   | 1,480      |
| 2015        | 105,483                  | 2,522,048                 | 4.18 %                                  | 3,686,202                  | 2.86 %                                   | 1,830      |

CITY OF DUBUQUE, IOWA  
DIRECT AND OVERLAPPING DEBT  
AS OF JUNE 30, 2015

TABLE 11

| <b>Jurisdiction</b>               | <b>Net General Obligation Bonded Debt Outstanding<sup>1</sup></b> | <b>Tax Increment Financing Bonds</b> | <b>Tax Increment Financing Notes</b> | <b>Sales Tax Revenue Bonds</b> | <b>Loans Payable</b> | <b>Percentage Applicable to City</b> | <b>Amount Applicable to Government</b> |
|-----------------------------------|---|--------------------------------------|--------------------------------------|--------------------------------|----------------------|--------------------------------------|--|
| Direct, City of Dubuque, Iowa     | \$ 59,101,394   | \$ 21,370,000                        | \$ 811,608                           | \$ -                           | \$ 5,444,285         | 100.00 %                             | \$ 86,727,287                          |
| <b>Overlapping:</b>               |   |                                      |                                      |                                |                      |                                      |  |
| Dubuque County                    | 4,500,000   | -                                    | -                                    | -                              | 1,052,668            | 0.06 %                               | 3,332                                  |
| Dubuque Community School District | -   | -                                    | -                                    | 47,863,000                     | -                    | 99.88 %                              | 47,805,564                             |
| Northeast Iowa Community College  | -   | -                                    | -                                    | -                              | 47,270,000           | 0.06 %                               | 28,362                                 |
| Total Overlapping                 | 4,500,000   | -                                    | -                                    | 47,863,000                     | 48,322,668           |                                      | 47,837,258                             |
| Total                             | \$ 63,601,394   | \$ 21,370,000                        | \$ 811,608                           | \$ 47,863,000                  | \$ 53,766,953        |                                      | \$ 134,564,545                         |

**Source:** Dubuque County Auditor, Dubuque Community School District and Northeast Iowa Community College

<sup>1</sup> Excludes debt reported in enterprise funds.

**Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.**

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Dubuque. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF DUBUQUE, IOWA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(IN THOUSANDS OF DOLLARS)**

|  | 2006             | 2007              | 2008             | 2009             |
|--|------------------|-------------------|------------------|------------------|
| Debit limit  | \$ 138,789       | \$ 145,401        | \$ 148,824       | \$ 163,621       |
| Total net debt<br>applicable to limit  | <u>39,443</u>    | <u>38,060</u>     | <u>60,485</u>    | <u>76,182</u>    |
| Legal debit margin   | <u>\$ 99,346</u> | <u>\$ 107,341</u> | <u>\$ 88,339</u> | <u>\$ 87,439</u> |
| Total net debt<br>applicable to the debt<br>limit as a percentage<br>of debt limit | 28.42 %          | 26.18 %           | 40.64 %          | 46.56 %          |

**TABLE 12**

| 2010             | 2011             | 2012             | 2013             | 2014             | 2015             |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 167,247       | \$ 174,333       | \$ 177,668       | \$ 181,668       | \$ 183,621       | \$ 193,114       |
| 101,152          | 92,443           | 142,316          | 143,303          | 149,923          | 173,597          |
| <u>\$ 66,095</u> | <u>\$ 81,890</u> | <u>\$ 35,352</u> | <u>\$ 38,365</u> | <u>\$ 33,698</u> | <u>\$ 19,517</u> |
| 60.48 %          | 53.03 %          | 80.10 %          | 78.88 %          | 81.65 %          | 89.89 %          |

**Legal Debt Margin Calculation for Fiscal Year 2015**

|   |                         |
|---|-------------------------|
| Estimated actual value  | <u>\$ 3,862,274,416</u> |
| Debt limit - 5% of total actual valuation   | \$ 193,113,721          |
| Debt applicable to limit:<br>(Including GO Debt, TIF Debt, and Lease<br>Obligations Paid from General Fund) | <u>\$ 173,597,304</u>   |
| Legal debt margin   | <u>\$ 19,516,417</u>    |

**CITY OF DUBUQUE, IOWA**  
**REVENUE DEBT COVERAGE LAST**  
**TEN FISCAL YEARS**  
**( IN THOUSANDS OF DOLLARS)**

**TABLE 13**

| Fiscal Year                  | Gross Revenues <sup>1</sup> | Operating Expenses <sup>2</sup> | Net Revenue Available For Debt Service | Next Fiscal Year's Debt Service Requirements |          |       | Coverage <sup>3</sup> |
|------------------------------|-----------------------------|---------------------------------|--|--|----------|-------|-----------------------|
|                              |                             |                                 |  | Principal                                    | Interest | Total |                       |
| <b>WATER UTILITY</b>         |                             |                                 |  |  |          |       |                       |
| 2008                         | \$ 4,933                    | \$ 3,959                        | \$ 974                                 | \$ 39  | \$ 57    | \$ 96 | 10.15                 |
| 2009                         | 5,391                       | 5,196                           | 195                                    | 70   | 52       | 122   | 1.60                  |
| 2010                         | 5,353                       | 5,153                           | 200                                    | 70   | 182      | 252   | 0.79                  |
| 2011                         | 5,680                       | 5,316                           | 364                                    | 255  | 238      | 493   | 0.74                  |
| 2012                         | 6,087                       | 5,895                           | 192                                    | 260  | 231      | 491   | 0.39                  |
| 2013                         | 6,944                       | 5,391                           | 1,553                                  | 432  | 344      | 776   | 2.00                  |
| 2014                         | 7,283                       | 7,384                           | (101)                                  | 275  | 218      | 493   | (0.20)                |
| 2015                         | 7,511                       | 6,322                           | 1,189                                  | 285  | 211      | 496   | 2.40                  |
| <b>STORMWATER UTILITY</b>    |                             |                                 |  |  |          |       |                       |
| 2009                         | 2,402                       | 1,309                           | 1,093                                  | 75   | 58       | 133   | 8.22                  |
| 2010                         | 2,357                       | 1,320                           | 1,037                                  | 100  | 178      | 278   | 3.73                  |
| 2011                         | 3,023                       | 1,679                           | 1,344                                  | 231  | 243      | 474   | 2.84                  |
| 2012                         | 3,211                       | 1,497                           | 1,714                                  | 462  | 268      | 730   | 2.35                  |
| 2013                         | 3,194                       | 2,019                           | 1,715                                  | 320  | 309      | 629   | 1.87                  |
| 2014                         | 3,240                       | 1,833                           | 1,407                                  | 331  | 311      | 642   | 2.19                  |
| 2015                         | 3,551                       | 2,162                           | 1,389                                  | 341  | 356      | 697   | 1.99                  |
| <b>SEWAGE DISPOSAL WORKS</b> |                             |                                 |  |  |          |       |                       |
| 2009                         | 6,084                       | 5,093                           | 991                                    | -  | 7        | 7     | 141.57                |
| 2010                         | 5,995                       | 5,331                           | 664                                    | 33   | 382      | 415   | 1.60                  |
| 2011                         | 6,699                       | 6,029                           | 670                                    | 34   | 1,129    | 1,163 | 0.58                  |
| 2012                         | 7,878                       | 7,018                           | 860                                    | 1,719  | 1,443    | 3,162 | 0.27                  |
| 2013                         | 8,951                       | 6,113                           | 2,838                                  | 2,326  | 1,423    | 3,749 | 0.76                  |
| 2014                         | 10,083                      | 6,754                           | 3,329                                  | 2,603  | 1,358    | 3,961 | 0.84                  |
| 2015                         | 10,629                      | 6,950                           | 3,679                                  | 2,610  | 1,435    | 4,045 | 0.91                  |
| <b>PARKING BONDS</b>         |                             |                                 |  |  |          |       |                       |
| 2005                         | 1,934                       | 960                             | 974                                    | 210  | 54       | 264   | 3.69                  |
| 2006                         | 1,933                       | 977                             | 956                                    | 220  | 44       | 264   | 3.62                  |
| 2007                         | 2,113                       | 1,014                           | 1,099                                  | 230  | 34       | 264   | 4.16                  |
| 2008                         | 2,224                       | 1,495                           | 729                                    | 240  | 23       | 263   | 2.77                  |
| 2009                         | 2,270                       | 1,412                           | 858                                    | 250  | 12       | 262   | 3.27                  |

Parking revenue bonds matured in 2010.

<sup>1</sup> Total operating revenues (including interest).

<sup>2</sup> Total operating expenses exclusive of depreciation.

<sup>3</sup> Coverage is computed by dividing net revenue available for debt service by debt service requirement.

**CITY OF DUBUQUE, IOWA**  
**WATER AND SEWER RECEIPT HISTORY**  
**LAST TEN FISCAL YEARS**

**TABLE 14**

| Fiscal Year | Water Revenue | Sewer Revenue | Gallons Billed |
|-------------|---------------|---------------|----------------|
| 2006        | \$ 4,534,013  | \$ 4,802,519  | 1,842,678,178  |
| 2007        | 4,599,040     | 5,142,044     | 1,929,908,816  |
| 2008        | 4,747,206     | 5,348,001     | 1,971,517,064  |
| 2009        | 5,085,319     | 5,684,459     | 1,836,957,848  |
| 2010        | 5,209,591     | 5,710,768     | 1,822,051,488  |
| 2011        | 5,561,910     | 6,502,740     | 1,903,364,420  |
| 2012        | 6,298,768     | 8,682,927     | 1,914,175,940  |
| 2013        | 6,701,771     | 8,472,382     | 1,945,227,547  |
| 2014        | 7,028,091     | 9,756,996     | 1,845,151,329  |
| 2015        | 7,231,393     | 10,417,833    | 1,864,028,948  |

**Source:** Cash basis receipt ledgers.

Note: Revenue includes charges for services, penalties, and investment earnings.  
This table has been restated from prior years to remove sales tax from revenue.

**WATER RATE SCHEDULE HISTORY**

| Steps  | Gallons | Unit Price by Fiscal Year |            |            |            |            |            |  |
|--------|---------|---------------------------|------------|------------|------------|------------|------------|--|
|        |         | 2015                      | 2014       | 2013       | 2012       | 2011       | 2010       |  |
| First  | 22,440  | @ \$ 0.00406              | \$ 0.00387 | \$ 0.00355 | \$ 0.00309 | \$ 0.00294 | \$ 0.00283 |  |
| Next   | 89,760  | @ 0.00332                 | 0.00316    | 0.00290    | 0.00252    | 0.00240    | 0.00231    |  |
| Next   | 261,800 | @ 0.00309                 | 0.00294    | 0.00270    | 0.00235    | 0.00224    | 0.00215    |  |
| Next   | 374,000 | @ 0.00274                 | 0.00261    | 0.00239    | 0.00208    | 0.00198    | 0.00190    |  |
| Excess |         | @ 0.00240                 | 0.00229    | 0.00210    | 0.00183    | 0.00174    | 0.00167    |  |

**CITY OF DUBUQUE, IOWA**  
**WATER METERS BY RATE CLASS**  
**LAST TEN FISCAL YEARS**

**TABLE 15**

| <b>Fiscal Year</b> | <b>Residential</b> | <b>Commercial</b> | <b>Industrial</b> | <b>Government</b> | <b>Total</b> |
|--------------------|--------------------|-------------------|-------------------|-------------------|--------------|
| 2006               | 19,813             | 1,820             | 73                | 35                | 21,741       |
| 2007               | 19,914             | 1,839             | 74                | 38                | 21,865       |
| 2008               | 19,970             | 1,878             | 70                | 45                | 21,963       |
| 2009               | 20,058             | 1,895             | 72                | 48                | 22,073       |
| 2010               | 20,204             | 1,887             | 71                | 48                | 22,210       |
| 2011               | 20,338             | 1,904             | 79                | 51                | 22,372       |
| 2012               | 20,532             | 1,902             | 79                | 52                | 22,565       |
| 2013               | 20,753             | 1,921             | 80                | 53                | 22,807       |
| 2014               | 20,887             | 1,945             | 81                | 68                | 22,981       |
| 2015               | 20,969             | 1,968             | 83                | 76                | 23,096       |

**CITY OF DUBUQUE, IOWA**  
**LARGEST WATER AND SEWER CUSTOMERS**  
**FISCAL YEAR 2015**

**TABLE 16**

| Customer                        | Water Receipts      | Rank | Percentage of Total Water Receipts | Sewer Receipts       | Rank | Percentage of Total Sewer Receipts |
|---------------------------------|---------------------|------|------------------------------------|----------------------|------|------------------------------------|
| Rousselot Inc                   | \$ 343,148          | 1    | 4.75 %                             |                      |      |                                    |
| Hormel Foods Corporation*       | 145,460             | 2    | 2.01                               | \$ 327,431           | 1    | 3.14 %                             |
| Prairie Farms Dairy Inc         | 79,224              | 3    | 1.10                               |                      |      |                                    |
| Hormel Foods Corporation*       | 68,063              | 4    | 0.94                               | 146,866              | 2    | 1.41                               |
| Premier Linen & Dry Cleaning    | 49,588              | 5    | 0.69                               | 103,737              | 3    | 1.00                               |
| Finley Hospital                 | 43,170              | 6    | 0.60                               | 74,796               | 4    | 0.72                               |
| Peninsula Gaming Co LLC         | 41,066              | 7    | 0.57                               | 54,112               | 6    | 0.52                               |
| Mercy Medical Center            | 33,782              | 8    | 0.47                               |                      |      |                                    |
| Inland Protein Corporation      | 33,238              | 9    | 0.46                               |                      |      |                                    |
| Stonehill Nursing Home          | 32,022              | 10   | 0.44                               | 53,620               | 7    | 0.51                               |
| Grand Harbor Resort & Waterpark |                     |      |                                    | 57,975               | 5    | 0.56                               |
| Yes Companies Exp LLC           |                     |      |                                    | 49,651               | 8    | 0.48                               |
| Alpin Park Community            |                     |      |                                    | 49,609               | 9    | 0.48                               |
| Tablemound Investments          |                     |      |                                    | 48,205               | 10   | 0.46                               |
| Total Revenue                   | <u>\$ 7,231,393</u> |      |                                    | <u>\$ 10,417,833</u> |      |                                    |

\*Same company, separate accounts. Previously combined several accounts under same business, now listed separately.

**CITY OF DUBUQUE, IOWA**  
**SALES TAX INCREMENT BONDS**  
**FISCAL YEAR ENDING JUNE 30, 2015**

**TABLE 17**

| Fiscal<br>Year | Estimated<br>Sales Tax<br>Increment<br>Revenue<br>Receipts |             | Senior Lien Series<br>2015A<br>Net Debt Service <sup>1</sup> | Remaining<br>Revenues After<br>Senior Lien<br>Debt Service | Second Lien<br>Series 2014<br>Debt<br>Service <sup>2</sup> | Remaining<br>Revenues<br>after Second<br>Lien Debt<br>Service |
|----------------|--|-------------|--|--|--|---|
|                | \$   | \$          |  |  |  |   |
| 2015           | \$ 1,784,299   | \$ -        | \$ 1,784,299   | \$ -   | \$ 1,784,299   |   |
| 2016           | 3,084,781  | -           | 3,084,781  | -  | -  | 3,084,781   |
| 2017           | 3,915,672  | -           | 3,915,672  | (323,100)  | (323,100)  | 3,592,572   |
| 2018           | 4,764,427  | (762,650)   | 4,001,777  | (323,100)  | (323,100)  | 3,678,677   |
| 2019           | 4,764,911  | (762,650)   | 4,002,261  | (323,100)  | (323,100)  | 3,679,161   |
| 2020           | 4,801,918  | (762,650)   | 4,039,268  | (323,100)  | (323,100)  | 3,716,168   |
| 2021           | 5,593,037  | (762,650)   | 4,830,387  | (323,100)  | (323,100)  | 4,507,287   |
| 2022           | 6,399,662  | (762,650)   | 5,637,012  | (323,100)  | (323,100)  | 5,313,912   |
| 2023           | 6,869,796  | (2,767,650) | 4,102,146  | (438,100)  | (438,100)  | 3,664,046   |
| 2024           | 6,956,900  | (2,771,000) | 4,185,900  | (1,393,500)  | (1,393,500)  | 2,792,400   |
| 2025           | 6,956,900  | (2,768,969) | 4,187,931  | (1,400,500)  | (1,400,500)  | 2,787,431   |
| 2026           | 6,952,300  | (2,771,031) | 4,181,269  | (1,344,250)  | (1,344,250)  | 2,837,019   |
| 2027           | 6,952,300  | (2,768,719) | 4,183,581  | (1,363,000)  | (1,363,000)  | 2,820,581   |
| 2028           | 6,947,494  | (2,768,394) | 4,179,100  | (1,365,000)  | (1,365,000)  | 2,814,100   |
| 2029           | 6,713,458  | (2,767,300) | 3,946,158  | (1,365,000)  | (1,365,000)  | 2,581,158   |
| 2030           | 6,238,500  | (2,768,800) | 3,469,700  | -  | -  | 3,469,700   |
| 2031           | 5,797,823  | (686,400)   | 5,111,423  | -  | -  | 5,111,423   |
| 2032           | 1,500,000  | -           | 1,500,000  | -  | -  | 1,500,000   |
| 2033           | 1,500,000  | -           | 1,500,000  | -  | -  | 1,500,000   |

<sup>1</sup> Net of capitalized interest and the debt service reserve fund.

<sup>2</sup> Consisting of the Sales Tax Increment Revenue Bonds (Unlimited Property Tax Supported), Second Lien Series 2014, dated June 16, 2014, issued under the Master Resolution. Net of capitalized interest.

**CITY OF DUBUQUE, IOWA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS**

**TABLE 18**

| <b>Year</b> | <b>Population</b> | <b>Personal Income</b> | <b>Per Capita Personal Income<sup>1</sup></b> | <b>Median Age<sup>2</sup></b> | <b>Public School Enrollment<sup>3</sup></b> | <b>Unemployment Rate<sup>4</sup></b> |
|-------------|-------------------|------------------------|---|-------------------------------|---|--------------------------------------|
| 2006        | 57,686            | \$ 1,993,455,102       | \$ 34,557                                     | 37                            | 10,733                                      | 3.5 %                                |
| 2007        | 57,686            | 2,125,036,868          | 36,838  | 37                            | 10,727                                      | 3.7                                  |
| 2008        | 57,686            | 2,275,135,840          | 39,440  | 38                            | 10,614                                      | 3.8                                  |
| 2009        | 57,686            | 2,233,198,118          | 38,713  | 37                            | 10,697                                      | 6.2                                  |
| 2010        | 57,686            | 2,251,946,068          | 39,038  | 37                            | 10,517                                      | 6.4                                  |
| 2011        | 57,637            | 2,447,843,390          | 42,470  | 37                            | 10,467                                      | 5.8                                  |
| 2012        | 57,637            | 2,532,281,595          | 43,935  | 37                            | 10,469                                      | 5.2                                  |
| 2013        | 57,637            | 2,600,235,618          | 45,114  | 39                            | 10,513                                      | 4.6                                  |
| 2014        | 57,637            | 2,600,293,255          | 45,115  | 39                            | 10,578                                      | 4.4                                  |
| 2015        | 57,637            | *                      | *   | 38                            | 10,634                                      | 3.7                                  |

**Data Sources:**

<sup>1</sup> U.S. Department of Commerce, Bureau of Economic Analysis.

<sup>2</sup> Greater Dubuque Development Corporation.

<sup>3</sup> Dubuque Community School District.

<sup>4</sup> Iowa Department of Employment Services as of June 30.

\*Unavailable at report date.

Per Capita Personal Income<sup>1</sup> was revised by U.S. Department of Commerce, Bureau of Economic Analysis which also affects Personal Income.

**CITY OF DUBUQUE, IOWA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

**TABLE 19**

| Employer                                   | 2015                 |      |  | 2006                 |      |  |
|--|----------------------|------|--|----------------------|------|--|
|  | # of Employees       | Rank | Percentage of Total City Employment <sup>1</sup> | # of Employees       | Rank | Percentage of Total City Employment <sup>1</sup> |
| John Deere <sup>2</sup>                    | 2,400                | 1    | 4.36 %   | 1,900                | 1    | 3.54 %   |
| Dubuque Community Schools                  | 1,946                | 2    | 3.53   | 1,410                | 2    | 2.62   |
| Mercy Medical Center                       | 1,313                | 3    | 2.38   | 1,324                | 3    | 2.46   |
| Medical Associates                         | 1,027                | 4    | 1.86   | 998                  | 5    | 1.86   |
| Unity Point Health                         | 859                  | 5    | 1.56   | 920                  | 7    | 1.71   |
| City of Dubuque                            | 695                  | 6    | 1.26   | 716                  | 10   | 1.33   |
| Eagle Window & Door                        | 660                  | 7    | 1.20   | 950                  | 6    | 1.77   |
| IBM  | 625                  | 8    | 1.13   |                      |      |  |
| Sedgwick                                   | 550                  | 9    | 1.00   |                      |      |  |
| Diamond Jo                                 | 510                  | 10   | 0.93   |                      |      |  |
| Flexsteel                                  |                      |      |  | 750                  | 9    | 1.44   |
| Heartland Financial USA, Inc. <sup>3</sup> |                      |      |  | 760                  | 8    | 1.41   |
| McCoy Group <sup>3</sup>                   |                      |      |  | 1,200                | 4    | 2.23   |
|  | <u><u>10,585</u></u> |      | <u><u>19.21 %</u></u>                            | <u><u>10,928</u></u> |      | <u><u>20.37 %</u></u>                            |

Source: Greater Dubuque Development Corp.

<sup>1</sup>Based on the percentage of total employment for Dubuque area from the U.S. Department of Labor, Bureau of Labor Statistics.

<sup>2</sup>Located just outside City Limits.

<sup>3</sup>2006 numbers include employees outside the City.

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**CITY OF DUBUQUE, IOWA**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/DEPARTMENT  
LAST TEN FISCAL YEARS**

|                                   |                      |                      |                      | Full- Time           |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                   | 2006                 | 2007                 | 2008                 | 2009                 |
| Public Safety                     |                      |                      |                      |                      |
| Emergency Communications          | 11.00                | 11.00                | 11.00                | 13.00                |
| Fire                              | 90.00                | 90.00                | 90.00                | 90.00                |
| Police                            | 99.00                | 100.00               | 101.00               | 108.67               |
| Building Services                 | 7.00                 | 7.00                 | 7.00                 | 8.00                 |
| Public Works                      |                      |                      |                      |                      |
| Public Works                      | 87.00                | 87.00                | 87.00                | 88.00                |
| Engineering                       | 25.00                | 25.00                | 25.00                | 26.00                |
| Health & Social Services          |                      |                      |                      |                      |
| Health Services                   | 5.00                 | 5.00                 | 4.00                 | 4.00                 |
| Human Rights                      | 3.00                 | 3.00                 | 3.00                 | 3.00                 |
| Cultural and Recreation           |                      |                      |                      |                      |
| Civic Center                      | 1.15                 | 0.15                 | 0.15                 | 0.15                 |
| Library                           | 18.00                | 18.00                | 18.00                | 18.00                |
| Park                              | 21.92                | 21.92                | 21.92                | 21.92                |
| Recreation                        | 8.93                 | 7.93                 | 7.93                 | 7.93                 |
| Community & Economic Development  |                      |                      |                      |                      |
| Community / Economic Dev          | 3.00                 | 3.00                 | 3.00                 | 3.00                 |
| Housing Services                  | 21.00                | 20.25                | 18.00                | 22.00                |
| Planning Services                 | 8.00                 | 8.00                 | 8.00                 | 8.00                 |
| General Government                |                      |                      |                      |                      |
| Airport                           | 13.00                | 13.23                | 12.00                | 12.00                |
| Cable TV                          | 2.00                 | 2.00                 | 2.00                 | 2.00                 |
| City Clerk's Office               | 3.00                 | 3.00                 | 3.00                 | 3.00                 |
| City Manager's Office             | 11.00                | 11.00                | 11.00                | 13.50                |
| Finance                           | 14.00                | 14.00                | 14.00                | 14.00                |
| Legal                             | 2.62                 | 3.00                 | 3.00                 | 4.00                 |
| Information Services              | 6.00                 | 6.00                 | 7.00                 | 7.00                 |
| Business Type                     |                      |                      |                      |                      |
| Water                             | 23.00                | 23.00                | 23.00                | 23.00                |
| *Water & Resource Recovery Center | 18.00                | 18.00                | 18.00                | 18.00                |
| Parking                           | 8.00                 | 8.00                 | 7.00                 | 7.50                 |
| Transit                           | 8.55                 | 8.00                 | 7.00                 | 7.00                 |
| Total                             | <u><u>518.17</u></u> | <u><u>516.48</u></u> | <u><u>512.00</u></u> | <u><u>532.67</u></u> |

**Source:** City Budget Records

Departments with employees who are allocated to more than one function are reflected in the area with largest number of employees.

\*Department renamed in 2011. Formerly known as the Water Pollution Control Plant.

**TABLE 20**

| Equivalent as of June 30 |               |               |               |               |               |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| 2010                     | 2011          | 2012          | 2013          | 2014          | 2015          |
| 13.00                    | 13.00         | 13.00         | 13.00         | 13.00         | 13.00         |
| 90.00                    | 90.00         | 90.00         | 90.00         | 90.00         | 90.00         |
| 110.84                   | 113.34        | 114.25        | 115.00        | 115.08        | 115.88        |
| 8.00                     | 9.00          | 9.00          | 9.00          | 9.24          | 11.66         |
| 87.42                    | 87.42         | 87.42         | 86.17         | 86.42         | 86.42         |
| 26.00                    | 27.00         | 27.00         | 29.00         | 29.00         | 29.00         |
| 4.00                     | 4.00          | 4.00          | 4.00          | 4.00          | 4.00          |
| 3.00                     | 3.00          | 4.00          | 5.00          | 5.00          | 5.00          |
| 0.15                     | 0.15          | 0.15          | 0.15          | 0.15          | 0.15          |
| 18.00                    | 18.00         | 18.00         | 19.00         | 19.00         | 19.00         |
| 22.51                    | 22.50         | 23.50         | 23.50         | 23.50         | 23.50         |
| 8.43                     | 8.93          | 9.93          | 9.93          | 9.93          | 10.93         |
| 3.00                     | 3.00          | 3.00          | 3.00          | 4.00          | 4.00          |
| 22.00                    | 22.25         | 23.00         | 25.80         | 27.00         | 26.00         |
| 8.00                     | 8.00          | 8.00          | 8.00          | 8.00          | 8.00          |
| 12.00                    | 12.00         | 12.00         | 12.00         | 12.00         | 12.00         |
| 2.00                     | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          |
| 3.00                     | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          |
| 15.00                    | 15.00         | 14.00         | 15.00         | 15.00         | 16.00         |
| 14.00                    | 14.00         | 14.00         | 14.00         | 14.08         | 14.88         |
| 4.66                     | 5.00          | 5.00          | 5.00          | 5.00          | 5.00          |
| 7.00                     | 7.00          | 7.00          | 7.50          | 8.00          | 8.00          |
| 24.00                    | 25.00         | 25.00         | 25.00         | 26.00         | 26.00         |
| 18.00                    | 18.00         | 18.00         | 18.00         | 18.00         | 18.00         |
| 9.00                     | 9.00          | 9.00          | 9.00          | 9.00          | 9.00          |
| 6.00                     | 7.00          | 6.00          | 6.00          | 6.32          | 8.00          |
| <b>539.01</b>            | <b>546.59</b> | <b>549.25</b> | <b>557.05</b> | <b>561.72</b> | <b>568.42</b> |

**CITY OF DUBUQUE, IOWA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

|  |            |            |            | Fiscal -   |
|--|------------|------------|------------|------------|
|  | 2006       | 2007       | 2008       | 2009       |
| Public Safety  |            |            |            |            |
| Police   |            |            |            |            |
| Physical arrests                                     | 4,790      | 5,078      | 5,090      | 6,325      |
| Traffic violations                                   | 8,398      | 6,842      | 6,881      | 8,801      |
| Parking violations                                   | 46,575     | 42,530     | 40,741     | 36,457     |
| Fire   |            |            |            |            |
| Number of calls answered                             | 4,176      | 4,454      | 4,699      | 4,480      |
| Inspections conducted                                | 409        | 360        | 624        | 443        |
| Sewer  |            |            |            |            |
| Sewage system  |            |            |            |            |
| Daily average treatment in gallons                   | 8,500,000  | 8,000,000  | 10,310,000 | 7,981,000  |
| Maximum daily capacity of treatment plant in gallons | 13,500,000 | 13,500,000 | 13,500,000 | 21,131,000 |
| Water systems  |            |            |            |            |
| Daily average consumption in gallons                 | 8,057,000  | 7,950,000  | 7,812,000  | 7,845,000  |
| Maximum daily capacity of plant in gallons           | 18,000,000 | 18,000,000 | 17,000,000 | 18,000,000 |
| Refuse (Municipal Collection)                        |            |            |            |            |
| Tonnage  | 10,573     | 10,807     | 11,798     | 10,774     |

Sources: Various City Departments.

Statistics updated for fiscal year 2006, 2007, & 2008.

**TABLE 21**

| Year | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       |
|------|------------|------------|------------|------------|------------|------------|
|      | 6,365      | 6,350      | 6,319      | 6,106      | 5,532      | 3,767      |
|      | 8,901      | 12,289     | 11,836     | 12,089     | 8,959      | 7,354      |
|      | 37,056     | 35,799     | 34,910     | 35,516     | 36,768     | 37,635     |
|      | 4,557      | 4,884      | 5,307      | 4,792      | 5,165      | 5,603      |
|      | 1,035      | 555        | 589        | 512        | 471        | 791        |
|      | 9,068,000  | 8,132,000  | 7,817,000  | 10,987,000 | 7,091,000  | 7,237,000  |
|      | 21,131,000 | 23,240,000 | 23,240,000 | 23,240,000 | 24,500,000 | 24,500,000 |
|      | 7,684,000  | 7,636,000  | 7,226,000  | 6,953,000  | 7,235,000  | 6,956,000  |
|      | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 |
|      | 10,615     | 10,660     | 11,180     | 10,535     | 10,311     | 10,690     |

**CITY OF DUBUQUE, IOWA**  
**CAPITAL ASSETS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

|                                      |        |        |        | Fiscal - |
|--------------------------------------|--------|--------|--------|----------|
|                                      | 2006   | 2007   | 2008   | 2009     |
| Public safety                        |        |        |        |          |
| Police                               |        |        |        |          |
| Stations                             | 1      | 1      | 1      | 1        |
| Patrol units                         | 19     | 19     | 19     | 19       |
| Fire                                 |        |        |        |          |
| Stations                             | 6      | 6      | 6      | 6        |
| Aerial trucks                        | 3      | 3      | 3      | 3        |
| Public works                         |        |        |        |          |
| Streets                              |        |        |        |          |
| Miles <sup>1</sup>                   | 295    | 307    | 317    | 320      |
| Street lights <sup>1</sup>           | 1,755  | 1,802  | 1,855  | 1,877    |
| Health and social services           |        |        |        |          |
| Hospital                             | 2      | 2      | 2      | 2        |
| Number of patient beds               | 421    | 405    | 405    | 405      |
| Cultural and recreation              |        |        |        |          |
| Library                              | 1      | 1      | 1      | 1        |
| Golf                                 | 1      | 1      | 1      | 1        |
| Parks                                | 44     | 47     | 47     | 47       |
| Acreage                              | 845    | 898    | 898    | 898      |
| Recreation                           |        |        |        |          |
| Civic center                         | 1      | 1      | 1      | 1        |
| Swimming pools                       | 2      | 2      | 2      | 2        |
| Softball fields                      | 7      | 8      | 8      | 7        |
| Baseball fields                      | 1      | 1      | 1      | 1        |
| Tennis courts                        | 19     | 19     | 19     | 20       |
| Sewer                                |        |        |        |          |
| Sewage system                        |        |        |        |          |
| Miles of sanitary sewer <sup>1</sup> | 263    | 286    | 290    | 295      |
| Miles of storm sewers <sup>1</sup>   | 116    | 120    | 122    | 143      |
| Number of treatment plants           | 1      | 1      | 1      | 1        |
| Number of service connectors         | 21,443 | 21,568 | 21,633 | 21,347   |
| Water systems                        |        |        |        |          |
| Miles of water mains                 | 313    | 315    | 316    | 317      |
| Number of service connectors         | 21,257 | 21,210 | 21,243 | 21,347   |
| Number of city owned fire hydrants   | 2,780  | 2,798  | 2,812  | 2,831    |

**Sources:** Various City Departments.

<sup>1</sup>City GIS System

**TABLE 22**

| Year                      | 2010                      | 2011                      | 2012                      | 2013                      | 2014                      | 2015     |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|----------|
| 1<br>22                   | 1<br>22                   | 1<br>22                   | 1<br>22                   | 1<br>22                   | 1<br>22                   | 1<br>22  |
| 6<br>3                    | 6<br>3                    | 6<br>3                    | 6<br>3                    | 6<br>3                    | 6<br>3                    | 6<br>3   |
| 321<br>1,916              | 325<br>1,931              | 328<br>2,081              | 329<br>2,084              | 331<br>2,110              | 333<br>2,161              |          |
| 2<br>389                  | 2<br>389                  | 2<br>389                  | 2<br>389                  | 2<br>389                  | 2<br>389                  | 2<br>373 |
| 1<br>1<br>48<br>901       | 1<br>1<br>48<br>901       | 1<br>1<br>51<br>1,001     | 1<br>1<br>51<br>1,001     | 1<br>1<br>51<br>1,001     | 1<br>1<br>53<br>974       |          |
| 1<br>2<br>7<br>1<br>20    | 1<br>2<br>7<br>1<br>20    | 1<br>2<br>7<br>1<br>20    | 1<br>2<br>7<br>1<br>20    | 1<br>2<br>7<br>1<br>20    | 1<br>2<br>7<br>1<br>20    |          |
| 300<br>144<br>1<br>21,599 | 300<br>150<br>1<br>21,702 | 304<br>155<br>1<br>22,393 | 304<br>141<br>1<br>22,428 | 307<br>144<br>1<br>22,888 | 320<br>145<br>1<br>22,928 |          |
| 318<br>21,986<br>2,843    | 319<br>22,092<br>2,854    | 320<br>22,161<br>2,863    | 321<br>22,536<br>2,879    | 315<br>22,702<br>2,336    | 318<br>22,787<br>2,346    |          |

**CITY OF DUBUQUE, IOWA**  
**RETAIL SALES**  
**LAST TEN CALENDAR YEARS**

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**Table 23**

| <b>Year</b> |    | <b>Taxable<br/>Retail Sales</b> | <b>Number of<br/>Businesses</b> |
|-------------|----|---------------------------------|---------------------------------|
| 2009        | \$ | 961,287,890                     | 2,026                           |
| 2010        |    | 971,050,048                     | 2,043                           |
| 2011        |    | 1,014,284,468                   | 2,009                           |
| 2012        |    | 1,060,222,499                   | 1,993                           |
| 2013        |    | 1,057,837,212                   | 2,008                           |
| 2014        |    | 1,240,664,593                   | 3,337                           |
| 2015        |    | *                               | *                               |

Data Sources:  
Iowa Department of Revenue

Prior years not available

\* Unavailable at report date

**Compliance Section  
June 30, 2015  
City of Dubuque, Iowa**

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**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 Honorable Mayor and  
Members of the City Council  
City of Dubuque, Iowa

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 22, 2016.

The financial statements of Dubuque Initiatives and Subsidiaries, a discretely presented component unit which was audited by other auditors, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to those financial statements.

The financial statements of Dubuque Convention and Visitors Bureau, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to those financial statements.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying schedule of findings and questioned costs as item 2015-A to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying schedule of findings and questioned costs as items 2015-B and 2015-C to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 non-compliance which are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City 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.

### **City's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eric Baily LLP". The signature is fluid and cursive, with "Eric" and "Baily" connected and "LLP" in a smaller, separate section.

Dubuque, Iowa  
February 22, 2016



## **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 Honorable Mayor and  
Members of the City Council  
City of Dubuque, Iowa

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

We have audited the City of Dubuque, Iowa's (City) 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 City's major federal programs for the year ended June 30, 2015. The City'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 City'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 City'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 City's compliance.

### **Basis for Qualified Opinion on State of Good Repair Grants Program**

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA 20.525 State of Good Repair Grants Program as described in finding number 2015-001 for Matching, Level of Effort, and Earmarking. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

### **Qualified Opinion on State of Good Repair Grants Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the State of Good Repair Grants Program for the year ended June 30, 2015.

### **Opinion on the Other Major Federal Programs**

In our opinion, the City of Dubuque, Iowa, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

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

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 of a federal program 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 consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

The City'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 City'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  
February 22, 2016

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

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| <u>Grantor/Program</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Entity Identifying<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------------------|---|---------------------------------|
| <b>U.S. Department of Housing and Urban Development:</b>                    |                                    |   |                                 |
| <b>Direct program:</b>  |                                    |   |                                 |
| Community Development Block Grants/Entitlement Grants                       | 14.218                             |   | \$ 1,391,484                    |
| Community Development Block Grants/Entitlement Grants                       | 14.218                             |   | <u>60,996</u>                   |
|   |                                    |   | <u><b>1,452,480</b></u>         |
| <b>Pass-through program from:</b>   |                                    |   |                                 |
| Iowa Department of Economic Development:                                    |                                    |   |                                 |
| Community Development Block Grants/Entitlement Grants in Hawaii             | 14.225                             | 08-DRADM-230  | <u>11,400</u>                   |
| Community Development Block Grants/Entitlement Grants in Hawaii             | 14.228                             | 08-DRH-212  | 2,235,756                       |
| Community Development Block Grants/Entitlement Grants in Hawaii             | 14.228                             | 08-DRIFWP-203   | 187,330                         |
| Community Development Block Grants/Entitlement Grants in Hawaii             | 14.228                             | 08-NSP-019  | <u>38,334</u>                   |
|   |                                    |   | <u><b>2,461,420</b></u>         |
| <b>Direct program:</b>  |                                    |   |                                 |
| Continuum of Care Program   | 14.267                             |   | <u>75,103</u>                   |
| Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation | 14.856                             |   | <u>71,512</u>                   |
| Section 8 Housing Choice Vouchers   | 14.871                             |   | 4,196,739                       |
| Section 8 Housing Choice Vouchers   | 14.871                             |   | 492,139                         |
| Section 8 Housing Choice Vouchers   | 14.871                             |   | 31,470                          |
| Section 8 Housing Choice Vouchers   | 14.871                             |   | <u>31,205</u>                   |
|   |                                    |   | <u><b>4,751,553</b></u>         |
| <b>Total U.S. Department of Housing and Urban Development</b>               |                                    |   | <u><b>8,823,468</b></u>         |
| <b>U.S. Department of the Interior:</b>                                     |                                    |   |                                 |
| <b>Pass-through program from:</b>   |                                    |   |                                 |
| Iowa Department of Natural Resources:                                       |                                    |   |                                 |
| Outdoor Recreation Acquisition, Development and Planning                    | 15.916                             | 19-01291  | <u>33,900</u>                   |

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

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| Grantor/Program                           | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|---|---------------------------|--|-------------------------|
| <b>U.S. Department of Justice:</b>        |                           |  |                         |
| Pass-through program from:                |                           |  |                         |
| Iowa Department of Justice:               |                           |  |                         |
| Violence Against Women Formula Grants     | 16.588                    | VW-15-42B-CJ                                 | \$ 3,822                |
| Direct program:                           |                           |  |                         |
| Edward Byrne Memorial Justice             |                           |  |                         |
| Assistance Grant Program                  | 16.738                    |  | 11,015                  |
| Edward Byrne Memorial Justice             |                           |  |                         |
| Assistance Grant Program                  | 16.738                    |  | 7,729                   |
| Edward Byrne Memorial Justice             |                           |  |                         |
| Assistance Grant Program                  | 16.738                    |  | 2,796                   |
| Edward Byrne Memorial Justice             |                           |  |                         |
| Assistance Grant Program                  | 16.738                    |  | 2,700                   |
| Pass-through program from:                |                           |  |                         |
| Dubuque County Sheriff's Office:          |                           |  |                         |
| Edward Byrne Memorial Justice             |                           |  |                         |
| Assistance Grant Program                  | 16.738                    | 12-JAG-76310                                 | \$ 29,027               |
|   |                           |  | 53,267                  |
|   |                           |  | <u>57,089</u>           |
| <b>Total U.S. Department of Justice</b>   |                           |  |                         |
| <b>U.S. Department of Transportation:</b> |                           |  |                         |
| Direct program:                           |                           |  |                         |
| Airport Improvement Program               | 20.106                    |  | 730,063                 |
| Airport Improvement Program               | 20.106                    |  | 299,103                 |
| Airport Improvement Program               | 20.106                    |  | 215,942                 |
| Airport Improvement Program               | 20.106                    |  | 111,825                 |
| Airport Improvement Program               | 20.106                    |  | 35,480                  |
| Airport Improvement Program               | 20.106                    |  | 13,039                  |
|   |                           |  | <u>1,405,452</u>        |
| Pass-through program from:                |                           |  |                         |
| Iowa Department of Transportation:        |                           |  |                         |
| Highway Planning and Construction         | 20.205                    | HDP-2100-(679)-71-31                         | 1,822,877               |
| Highway Planning and Construction         | 20.205                    | STP-U-2100(634)--70-31                       | 1,190,052               |
| Highway Planning and Construction         | 20.205                    | STP-A-PA-27(4)86-31                          | 364,642                 |
| Highway Planning and Construction         | 20.205                    | TCSP-052-2(129)--9S-31                       | 96,025                  |
| Highway Planning and Construction         | 20.205                    | HDP-2100-(661)-71-31                         | 71,819                  |
| Highway Planning and Construction         | 20.205                    | HDP-2100-(655)-71-31                         | 37,053                  |
| Highway Planning and Construction         | 20.205                    | BROS-2100(659)--8J-31                        | 33,487                  |
| Highway Planning and Construction         | 20.205                    | UYC-14-001                                   | 5,036                   |
|   |                           |  | <u>3,620,991</u>        |

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

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| Grantor/Program   | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|---|---------------------------|--|-------------------------|
| <b>U.S. Department of Transportation: (continued)</b>             |                           |  |                         |
| <b>Federal Transit Cluster:</b>                                   |                           |  |                         |
| <b>Direct program:</b>  |                           |  |                         |
| Federal Transit - Capital Investment                              |                           |  |                         |
| Grants  | 20.500                    |  | \$ 12,177               |
| Federal Transit - Formula Grants                                  | 20.507                    |  | 902,532                 |
| Federal Transit - Formula Grants                                  | 20.507                    |  | 262,514                 |
| Federal Transit - Formula Grants                                  | 20.507                    |  | 87,104                  |
| <b>Pass-through program from:</b>                                 |                           |  |                         |
| Iowa Department of Transportation:                                |                           |  |                         |
| Federal Transit - Formula Grants                                  | 20.507                    | IA-95-X014 Shopping                          | 78,283                  |
| Federal Transit - Formula Grants                                  | 20.507                    | IA-95-X014 Night Rider                       | 54,022                  |
| Federal Transit - Formula Grants                                  | 20.507                    | IA-95-X014 FF15                              | 46,824                  |
|   |                           |  | <u>1,431,279</u>        |
| <b>Direct program:</b>  |                           |  |                         |
| State of Good Repair Grants Program                               | 20.525                    |  | 5,122,930               |
| <b>Total Federal Transit Cluster</b>                              |                           |  | <u>6,566,386</u>        |
| <b>Pass-through program from:</b>                                 |                           |  |                         |
| Iowa Department of Transportation:                                |                           |  |                         |
| Formula Grants for Rural Areas                                    | 20.509                    | ICB-CY14                                     | <u>199,196</u>          |
| Enhanced Mobility of Seniors and<br>Individuals with Disabilities |                           |  |                         |
|   | 20.513                    | IA-16-X005-210-14                            | 46,273                  |
| Iowa Department of Public Safety:                                 |                           |  |                         |
| State and Community Highway Safety                                | 20.600                    | PAP 15-402-M0OP                              | 10,388                  |
| State and Community Highway Safety                                | 20.600                    | PAP 14-402-M0OP                              | 6,332                   |
|   |                           |  | <u>16,720</u>           |
| <b>Total U.S. Department of Transportation</b>                    |                           |  | <u>11,855,018</u>       |
| <b>Environmental Protection Agency:</b>                           |                           |  |                         |
| <b>Direct program:</b>  |                           |  |                         |
| Brownsfields Assessment and Cleanup                               |                           |  |                         |
| Cooperative Agreements  | 66.818                    |  | <u>100,584</u>          |

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

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| Grantor/Program  | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|--|---------------------------|--|-------------------------|
| <b>U.S. Department of Health and Human Services:</b>   |                           |  |                         |
| Pass-through program from:                             |                           |  |                         |
| Dubuque County Health Department:                      |                           |  |                         |
| Hospital Preparedness Program (HPP)                    |                           |  |                         |
| and Public Health Emergency                            |                           |  |                         |
| Preparedness (PHEP) Aligned                            |                           |  |                         |
| Cooperative Agreements                                 | 93.074                    | 5885BT22                                     | \$ 1,924                |
| <b>Iowa Department of Health and Human Services:</b>   |                           |  |                         |
| Substance Abuse and Mental Health Services             |                           |  |                         |
| Projects of Regional and National                      |                           |  |                         |
| Significance   | 93.243                    | 5885CP12                                     | 1,050                   |
| Total U.S. Department of Health and Human Services     |                           |  | <u>2,974</u>            |
| <b>Corporation for National and Community Service:</b> |                           |  |                         |
| Pass-through program from:                             |                           |  |                         |
| Iowa Commission on Volunteers:                         |                           |  |                         |
| AmeriCorps   | 94.006                    | 14-AC-14                                     | 161,384                 |
| AmeriCorps   | 94.006                    | 13-AC-13                                     | 43,509                  |
| Total Corporation for National and Community Service   |                           |  | <u>204,893</u>          |
| <b>U.S. Department of Homeland Security:</b>           |                           |  |                         |
| Direct Program:  |                           |  |                         |
| Assistance to Firefighters Grant                       | 97.044                    |  | <u>19,067</u>           |
| Total  |                           |  | <u>\$ 21,096,993</u>    |

City of Dubuque  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

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### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Dubuque, Iowa, and is presented on the modified accrual basis of accounting for governmental funds and the full accrual basis of accounting for the proprietary funds. 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 City 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.

### **Note 2 - Significant Accounting Policies**

Governmental and proprietary fund types account for the City'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 in the governmental fund types and on the full accrual basis – when expenditures are incurred in the proprietary fund types. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

### **Note 3 - Subrecipients**

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

| Program Title   | Federal<br>CFDA<br>Number | Amount<br>Provided to<br>Subrecipients |
|---|---------------------------|--|
| Community Development Block Grants/Entitlement Grants | 14.218                    | \$ 92,666                              |

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

**Financial Statements**

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

**Federal Awards**

|   |               |
|---|---------------|
| Internal control over major programs:   |               |
| Material weaknesses identified  | Yes           |
| Significant deficiencies identified not considered to be material weaknesses                                  | None reported |
| Type of auditor's report issued on compliance for major programs:   | Qualified     |
| Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a): | Yes           |

Identification of major programs:

| <u>Name of Federal Program</u>   | <u>CFDA Number</u> |
|--|--------------------|
| Community Development Block Grants/<br>State's Program and Non-Entitlement<br>Grants in Hawaii | 14.228             |
| Highway Planning and Construction  | 20.205             |
| Federal Transit Cluster:   |                    |
| Federal Transit - Capital Investment Grants  | 20.500             |
| Federal Transit - Formula Grants   | 20.507             |
| State of Good Repair Grant Program   | 20.525             |
| Dollar threshold used to distinguish between type A<br>and type B programs:                    | \$632,910          |
| Auditee qualified as low-risk auditee?   | No                 |

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

### **MATERIAL WEAKNESS**

#### **2015-A      Material Audit Adjustments**

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

**Condition** – During the course of our engagement, we proposed material audit adjustments to intergovernmental receivables, capital assets, and schedule of expenditures of federal awards that were not identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements.

**Cause** – There is a limited number of office employees with varying levels of experience with the reporting requirements. This significantly limits the City's review procedures.

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

**Recommendation** – We recommend that finance staff continue to receive relevant training and that additional review procedures be implemented in preparing the financial statements.

**Response** – The Finance Department will continue to receive relevant training, and management will review all documentation completed by staff for use in preparing the financial statements. Additional checks have been put in place to monitor the situations identified in this audit.

### **SIGNIFICANT DEFICIENCIES**

#### **2015-B      Grant Reconciliation Process**

**Criteria** – A properly designed system of internal control over grant accounting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

**Condition** – During the course of our engagement, we noted several instances in which the City did not reconcile grant revenues with grant expenditures on the accrual basis.

**Cause** – Control activities relating to grant recording and processing vary between the different departments of the City. Furthermore, monitoring of grant revenues and expenses is not always performed by personnel of the finance department.

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

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

**Recommendation** – We recommend that finance designate a staff member to monitor the grant reconciliation process for all of the grants of the City. We also recommend staff follow City policy to perform monthly grant reimbursement requests if a grant is over \$100,000.

**Response** – The Finance Department will continue to receive relevant training, and management will review all documentation completed by staff for use in preparing the financial statements. Additional finance staff will be assigned for the review and auditing of grant documentation. The City's grant policy directs staff to request monthly draws if reimbursements due are \$100,000 or more.

### **2015-C Tax Increment Financing Reconciliation Process**

**Criteria** – A properly designed system of internal control over Tax Increment Financing (TIF) allows entities to properly segregate duties surrounding the preparation of TIF information.

**Condition** – During the course of our engagement, we noted the Budget Director prepares, reviews, and maintains all Tax Increment Financing duties.

**Cause** – Complexities surrounding the nature of TIF have caused most of the duties to be assigned to one individual.

**Effect** – The effect of this condition was controls were not properly segregated surrounding the preparation of the TIF forms certified to the County.

**Recommendation** – The Finance Department should implement additional controls over the management of its approximately \$140,000,000 in TIF indebtedness. Such controls should include increasing supporting documentation for the amounts certified, formalizing a review and approval procedure, comparing future TIF needs with TIF abatement schedules and rebate agreements, and comparing future needs with cash on hand for each TIF district.

**Response** – The Finance Department and Economic Development Department will evaluate opportunities to aid in the preparation and review of TIF reports for both the State and County. Finance will receive the relevant training, and management will review documents used for the preparation of TIF reports.

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

**MATERIAL WEAKNESS AND NONCOMPLIANCE:**

**2015-001      U.S. Department of Transportation  
CFDA #20.525  
State of Good Repair Grants Program**

**Matching, Level of Effort, Earmarking  
Material Weakness in Internal Control and Noncompliance**

**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. 49 CFR Part 18.24 requires that entities expending federal awards follow applicable matching guidance provided by the federal agency.

**Condition** – The City did not match the appropriate amount of funds required by the State of Good Repairs Grant.

**Cause** – It appears the cause was due to using an incorrect formula during submission of grant expenses for reimbursement.

**Effect** – The City did not comply with applicable matching criteria approved by the Department of Transportation and received excess federal funding. The City was required to return excess funds to the Department of Transportation.

**Recommendation** – The City should put procedures in place to insure that they are following all requirements of federal grants related to the provisions of the 49 CFR Part 18.24.

**Response** – During the audit process the City became aware of a formula error that resulted in the City requesting \$467,315 of excess grant funds. The excess funds have been returned to the U.S. Department of Transportation. Review procedures have been implemented to prevent this error in the future.

City of Dubuque  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015

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

**2015-IA-A Certified Budget** – Disbursements during the year ended June 30, 2015 exceeded the amount budgeted in the Community and Economic Development functions and the general government functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

**Recommendation** – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

**Response** – The budget will be amended in the future, if applicable.

**2015-IA-B Questionable Expenditures** – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

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

**2015-IA-D Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

| Name, Title, and<br>Business Connection  | Transaction<br>Description | Amount    |
|--|----------------------------|-----------|
| John Klostermann, employee, brother-in-law<br>is owner of Drive Line of Dubuque                | Services                   | \$ 11,032 |
| Dave Castro, employee, daughter is<br>owner of East Mill Bakeshop &<br>Catering                | Services                   | 763       |
| Eileen Trimble, employee, brother and<br>sister-in-law are owners of Jet Business<br>Solutions | Services                   | 5,960     |
| John Liphardt, employee, brother-in-law<br>is owner of Fred Jackson Tuckpointing               | Services                   | 199,518   |
| Jane Smith, employee, brother-in-law<br>is owner of Felderman Business Associates              | Services                   | 14,900    |
| Janna Beau, employee, sister and brother-<br>in-law are owners of Kramer Pest Control          | Services                   | 3,325     |
| John Hefel, employee, spouse is owner of<br>A Frame of Mind Framing & Gallery                  | Services                   | 1,801     |

City of Dubuque  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015

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

| Name, Title, and<br>Business Connection                                 | Transaction<br>Description | Amount |
|---|----------------------------|--------|
| Michael Burds, employee, is owner of<br>Michael W Burds                 | Services                   | \$ 775 |
| Tom Pregler, employee, father is<br>owner of Overhead Door Company      | Services                   | 8,099  |
| Kevin Schmitt, employee, mother is<br>owner of Poor Man's Café          | Services                   | 6,599  |
| Mike Kerth, employee, father-in-law<br>is owner of Steve's Ace Hardware | Services                   | 31,007 |

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with East Mill Bakeshop & Catering and Michael W Burds do not appear to represent conflicts of interest since total transactions with this individual were less than \$1,500 during the fiscal year. The transactions with Fred Jackson Tuckpointing Co., Poor Man's Catering, and Jet Business Solutions do not appear to be a conflict of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(3) (d) of the Code of Iowa. The transactions with Drive Line of Dubuque, Felderman Business Associates, A Frame of Mind Framing & Gallery, Overhead Door Company, Kramer Pest Control, and Steve's Ace Hardware may represent a conflict of interest.

**Recommendation** – We recommend the City review the transactions with Drive Line of Dubuque, Felderman Business Associates, A Frame of Mind Framing & Gallery, Overhead Door Company, Kramer Pest Control, and Steve's Ace Hardware with legal counsel.

**Response** – The transactions with Drive Line of Dubuque, Felderman Business Associates, A Frame of Mind Framing & Gallery, Overhead Door Company, Kramer Pest Control, and Steve's Ace Hardware are being reviewed with legal counsel. Due to the changing dynamics of our workforce and vendors, related party vendors are not easily identified until after the transaction has happened. The City monitors and self-reports incidents of related party transactions. The City has implemented a centralized list of known related party vendors for department review before purchasing.

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

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

**2015-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 City's investment policy were noted.

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

**2015-IA-H Revenue Debt** – The Sewage Disposal Works' revenue capital loan notes include a requirement for the utility to produce net revenues of at least 110% of the current year debt service requirement. The Sewage Disposal Works did not meet this requirement in fiscal year 2015.

No instances of non-compliance with the provisions of the Water Utility revenue debt resolutions were noted.

No instances of non-compliance with the provisions of the Stormwater Utility revenue debt resolutions were noted.

**Recommendation** – The City should review the bond covenant requirements and contact their bond consultants.

**Response** – Although sewer rates were increased by 5% in fiscal year 2015, the revenue was less than projected due to lower than anticipated actual usage. Sewer rates were increased an additional 5% for fiscal year 2015. Sewer rates will be increased a projected 10% in fiscal year 2016. Rates will increase each subsequent fiscal year until bond covenant is met.

The City's bond consultants have been informed of the noncompliance and appropriate action will be taken.

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

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

**2015-IA-J** **Tax Increment Financing** – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. While performing our audit procedures, we noted several amounts certified in the fall of 2014 that were based on incorrect calculations or did not represent TIF debt.

**Recommendation** – The City should have certified the needed corrections in the fall 2015. To minimize the likelihood of future errors, the City should implement additional controls over the management of its approximately \$140,000,000 in TIF indebtedness. Such controls should include increasing supporting documentation for the amounts certified and formalizing a review and approval procedure.

**Response** – The City identified and corrected the misreported debt amounts on City TIF Form 3 of the County TIF Certification Form that was filed December 1, 2015. The TIF form is prepared from source documentation including general ledger reports, TIF development agreements and TIF debt amortization schedules. The City will continue to monitor source documents to prevent future errors.

**2015-IA-K** **Solid Waste Tonnage Fees Retained** – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa by the Dubuque Metropolitan Area Solid Waste Agency, a component unit of the City, were noted.

**2015-IA-L** **Financial Assurance** – The Dubuque Metropolitan Area Solid Waste Agency, a component unit of the City, has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in 567-113.14(6) of the Iowa Administrative Code.

**City of Dubuque  
Corrective Action Plan  
Year Ended June 30, 2015**

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| <b>Comment<br/>Number</b> | <b>Comment Title</b> | <b>Corrective Action Plan</b> | <b>Contact Person,<br/>Title,<br/>Phone Number</b> | <b>Anticipated<br/>Date of<br/>Completion</b> |
|---------------------------|----------------------|-------------------------------|--|---|
|---------------------------|----------------------|-------------------------------|--|---|

**Findings Related to the Financial Statements:**

|        |   |  |  |                              |
|--------|---|--|--|------------------------------|
| 2015-A | Material Audit<br>Adjustments                           | The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs. | Jean Nachtman,<br>Finance Director<br>563-589-4133 | Not determined at this date. |
| 2015-B | Grant<br>Reconciliation<br>Process                      | The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs. | Jean Nachtman,<br>Finance Director<br>563-589-4133 | Not determined at this date. |
| 2015-C | Tax Increment<br>Financing<br>Reconciliation<br>Process | The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs. | Jean Nachtman,<br>Finance Director<br>563-589-4133 | Not determined at this date. |

**Findings Related to the Federal Programs:**

|          |   |  |  |                              |
|----------|---|--|--|------------------------------|
| 2015-001 | Matching,<br>Level of Effort,<br>Earmarking | The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs. | Jean Nachtman,<br>Finance Director<br>563-589-4133 | Not determined at this date. |
|----------|---|--|--|------------------------------|

City of Dubuque  
Summary Schedule of Prior Federal Audit Findings  
Year Ended June 30, 2015

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No findings reported in the prior year.