

PORT OF DUBUQUE MARINA

THE CITY OF
DUBUQUE
Masterpiece on the Mississippi
Iowa

Dubuque
All-America City
2007 • 2012 • 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2013

About the Cover:

Nestled in the Ice Harbor of Dubuque, the Port of Dubuque Marina allows transient boaters to securely dock their boats within walking distance of restaurants and entertainment. The marina project was completed in June of 2013, and was made possible by \$3,037,802 in Federal Grant funds with a matching contribution of \$1,088,950 in City funding. This transient marina consists of 70 slips that can accommodate boats up to 90 feet in length and includes water and electrical connections, a fuel dock, sanitary pump-out equipment, as well as shower and laundry facilities. Included in the project, a 3,000 square foot marina ship store and shower facility provides boaters with first class amenities to enhance their stay. The store is open daily from May through October with access to beverages and food. More information about the marina and store hours can be viewed online at www.portofdubuquemarina.com or by calling the Port of Dubuque Marina at 563-582-5524.

Photo by:
Erich Moeller

Cover Design by:
Kelli Buchenau

Copy provided by:
Dan Kroger

Comprehensive Annual Financial Report
June 30, 2013
City of Dubuque, Iowa

Prepared by:
Department of Finance

Introductory Section
June 30, 2013
City of Dubuque, Iowa

CITY OF DUBUQUE, IOWA

Table of Contents

| | <u>Exhibit</u> | <u>Page</u> |
|---|----------------|-------------|
| INTRODUCTORY SECTION | | |
| Table of Contents | | 7-8 |
| Letter of Transmittal | | 9-18 |
| City Organizational Chart | | 19 |
| Officials | | 20 |
| Certificate of Achievement for Excellence in Financial Reporting | | 21 |
| FINANCIAL SECTION | | |
| Independent Auditor's Report | | 25-27 |
| Management's Discussion and Analysis | | 28-37 |
| Basic Financial Statements | | |
| Government-wide Financial Statements | | |
| Statement of Net Position | 1 | 40-41 |
| Statement of Activities | 2 | 42 |
| Fund Financial Statements | | |
| Balance Sheet – Governmental Funds | 3 | 43 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 3-1 | 44 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 4 | 45 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 4-1 | 46 |
| Statement of Net Position – Proprietary Funds | 5 | 48-51 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds | 6 | 52-53 |
| Statement of Cash Flows – Proprietary Funds | 7 | 54-57 |
| Statement of Fiduciary Assets and Liabilities – Agency Funds | 8 | 58 |
| Notes to Financial Statements | | 59-94 |
| Required Supplementary Information | | |
| Schedule of Receipts, Expenditures, and Changes in Balances – Budget and Actual (Budgetary Basis) – Governmental Funds and Enterprise Funds | | 96 |
| Note to Required Supplementary Information – Budgetary Reporting | | 97 |
| Schedule of Funding Progress for the Retiree Benefit Plan | | 98 |
| Combining Fund Statements | | |
| Combining Balance Sheet – Nonmajor Governmental Funds | A-1 | 102-104 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | A-2 | 106-108 |
| Combining Statement of Net Position – Nonmajor Enterprise Funds | B-1 | 110 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds | B-2 | 111 |
| Combining Statement of Cash Flows – Nonmajor Enterprise Funds | B-3 | 112-113 |
| Combining Statement of Net Position – Internal Service Funds | C-1 | 116-117 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit) – Internal Service Funds | C-2 | 118-119 |
| Combining Statement of Cash Flows – Internal Service Funds | C-3 | 120-121 |
| Combining Statement of Changes in Assets and Liabilities – Agency Funds | D-1 | 123 |

CITY OF DUBUQUE, IOWA

Table of Contents

| | <u>Table</u> | <u>Page</u> |
|---|--------------|-------------|
| STATISTICAL SECTION (Unaudited) | | |
| Statistical Section Contents | | 127 |
| Financial Trends | | |
| Net Position by Component | 1 | 128-129 |
| Changes in Net Position | 2 | 130-133 |
| Fund Balances of Governmental Funds | 3 | 134-135 |
| Changes in Fund Balances of Governmental Funds | 4 | 136-137 |
| Revenue Capacity | | |
| Taxable and Assessed Value of Property | 5 | 138 |
| Property Tax Rates – Direct and Overlapping Governments | 6 | 139 |
| Principal Property Taxpayers | 7 | 140 |
| Property Tax Levies and Collections | 8 | 141 |
| Debt Capacity | | |
| Ratios of Outstanding Debt by Type | 9 | 142-143 |
| Ratios of General Bonded Debt Outstanding | 10 | 144 |
| Direct and Overlapping Governmental Activities Debt | 11 | 145 |
| Legal Debt Margin Information | 12 | 146-147 |
| Revenue Debt Coverage | 13 | 148 |
| Water and Sewer Receipt History | 14 | 149 |
| Water Meters by Rate Class | 15 | 150 |
| Largest Water and Sewer Customers | 16 | 151 |
| Demographic and Economic Information | | |
| Demographic and Economic Statistics | 17 | 152 |
| Principal Employers | 18 | 153 |
| Operating Information | | |
| Full-Time Equivalent City Government Employees by Function/Department | 19 | 154-155 |
| Operating Indicators by Function/Program | 20 | 156-157 |
| Capital Asset Statistics by Function | 21 | 158-159 |
| COMPLIANCE SECTION | | |
| 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 <i>Government Auditing Standards</i> | | 163-164 |
| Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 | | 165-166 |
| Schedule of Expenditures of Federal Awards | | 167-171 |
| Notes to the Schedule of Expenditures of Federal Awards | | 172 |
| Schedule of Findings and Questioned Costs | | 173-176 |
| Summary Schedule of Prior Federal Audit Findings | | 177 |



Finance Department
50 West 13th Street
Dubuque, Iowa 52001-4805
Office (563) 589-4133
Fax (563) 690-6689
TTY (563) 690-6678
finance@cityofdubuque.org
www.cityofdubuque.org

January 15, 2014

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, 2013, 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 2013. 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, sanitary sewer system, storm water system, parking facilities, refuse collection, salt sales, and public transportation.

This report includes the Dubuque Metropolitan Area Solid Waste Agency (DMASWA) and Dubuque Initiatives and Subsidiaries 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 and operates the landfill. Dubuque Initiatives is organized to render service to the City

Council of 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.

Generally Accepted Accounting Principles (GAAP) requires 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 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 October 2013, the City unemployment rate was 3.7% and County rate was 3.6%, well below the 4.6% state and 7.3% 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

According to the Federal Housing Finance Agency (FHFA) Changes in the Metropolitan Area House Price Indexes, Five Year average through third quarter 2013, Dubuque's home value increased 9.71%. Nationwide the increase is only 0.15%.

According to the US Department of Commerce Bureau of Economic Analysis Dubuque has the fastest growing economy in Iowa and one of the top 30 growing economies in the United States. Dubuque was #1 in Iowa for Private Sector Job Growth in Iowa in 2010, 2011 and 2012. Dubuque was also ranked #4 among overall metros with the largest average annual increases in wages and salaries in the 2012's "America's Best Places for a Raise."

A 2011 UC-Berkley study ranked Dubuque 5th out of 361 cities nationwide in a 2011 study of resiliency capacity that evaluates a community's economic capacity to bounce back from adversity, strength of demographics, and community connectivity.

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.

The City's continual development in its industrial parks, has attracted new industries, but just as importantly retained existing businesses.

Dubuque Industrial Center West (DICW)

In 1997, the City acquired five farms creating approximately 550 saleable acres in Dubuque Industrial Center West. Over 251 acres have been sold and 24 businesses have located in the DICW, which include 21 local business expansions and 3 new industries. The City completed the last of these five farms and held a ribbon cutting November 2013. The City works with the Greater Dubuque Development Corporation to evaluate sites for future industrial areas. IWI added 30,350 square feet of additional warehouse space in 2013.

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 have located in the park.

Over \$100 million has been spent in the downtown area. More than 9,000 people work in the downtown area. Thirteen hundred IBM employees work on five renovated floors of the nine story Roshek Building. Heartland Financial relocated existing staff to the third floor of the building in October 2012, and committed to create 50 new jobs in 2013.

In the City's Millwork District, The Schmid Innovation Center, a \$28 million private renovation project 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 have moved into the basement space. Several commercial tenants occupy the first floor with a food co-op scheduled for opening spring of 2014. Renovation of 76 residential units in the Novelty Iron Works building has begun.

In response to a critical need for affordable housing for seniors and disabled individuals, The Rose of Dubuque assisted living facility opened its doors for occupancy in October 2012. This 70-unit complex is the first affordable, income qualified facility in Dubuque to also be licensed to offer assisted living services on-site. The Rose of Dubuque has partnered with the City of Dubuque Housing and Community Development Department and enrolled seventeen apartments in the Dubuque project-based voucher program.

Commercial development continues with construction of a new 114,000 square foot Blain's Farm & Fleet retail store beginning shortly. New stores recently opened or currently under construction include Dairy Queen, Kwik Stop, Dunkin Donuts, T.J. Maxx, Dubuque Mattress and O'Reilly Auto Parts.

On June 1, 2013 the City dedicated and opened the \$4 million Port of Dubuque Marina, located in the Ice Harbor. Funding of \$3 million was received from Iowa Department of Natural Resources through the U.S. Fish and Wildlife Service Boating Infrastructure (Tier 2) Grant program.

Recent community investment in education includes the University of Dubuque's \$30 million Performing Arts and Campus Center, completed in 2013. The University has begun construction of a new student residence hall scheduled for completion by fall of 2014 and a new intramural/practice facility. Clarke

University completed a \$13 million 46,000 square-foot, three story science center. Loras College continues progress on its \$4 million Parkway. Phase I completed in 2012. Phase II and III involve moving the College's existing physical plant and constructing a visitor center on the site. Phase IV is to create a retail, dining and lounge site. The dining venue could be a national chain. The completed parkway will include a Veterans' Memorial, fountain, benches and three outdoor performing spaces that will be available to the community for festivals and other events. Completion of the entire parkway is expected in the next couple years. In the spring of 2013, Dubuque Community School district completed the \$10 million renovation of Dubuque Senior High School's Dalzell Field. Hempstead High School's \$33 million project which consists of a new auditorium, additional gymnasium and two remodeled wings of the existing building is currently underway. The Kennedy elementary school is undergoing a \$7 million renovation.

UnityPoint Health Finley Hospital has a \$42 million renovation starting in early 2014. This 40,000 square foot addition will house the Finley Heart and Vascular Center, and new Emergency and Surgery departments. The new facility will be built on the west side of the current hospital structure facing Grandview Avenue.

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

- Dubuque was named a **2013 All-America City** by the National Civic League for a community initiative to improve grade-level reading. Dubuque was named in 2007 and 2012
- 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)
- *Site Selection* magazine's annual "**Top Metropolitan Areas**" places Dubuque at 5th in the U.S. in 2013 for metro areas with under 200,000 people
- Farmers Insurance listed Dubuque as the **10th Most secure Small City in the U.S.** (2013)
- Milken Institute ranked Dubuque as the **10th Best-Performing Small Metro** (2013)
- *Kiplinger's Personal Finance* named Dubuque as **One of 10 Great Places to Live** (2013)
- Area Development magazine's **2012 Leading Locations** report ranked Dubuque in five categories: #16 among the Top 100 Overall Cities, #3 among the Top 20 Midwest Cities, #7 among the Top 50 Small Cities, #6 among the Top 25 Small Cities in Economic Strength Factors, and #8 among the Top 25 Small Cities in "Recession Busting" Factors
- The America's Promise Alliance named Dubuque one of its **100 Best places for Young People** in 2012, 2011, 2010, 2008 and 2007

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.

Fall 2012 saw construction beginning on the Dubuque Regional Airport New Airline Passenger Terminal Facility and the Aircraft Parking Apron, while continuing the effort to meet current and forecasted passenger demand for Dubuque and the surrounding communities. This project element is scheduled to be completed in 2014. The Dubuque Regional Airport received its 22nd consecutive year 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.

At the request of FAA, the various design phases associated with the development of the new Passenger Terminal Facility (site work & building-related) that were programmed throughout the project have been moving forward. It is expected that approximately 84% 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 banked for this project.

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. 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 Drainage Basin Master Plan engineering firm's analysis predicted that over 1,155 homes and businesses in the Bee Branch Watershed are at risk of flood damage during heavy rains. Flooding was witnessed firsthand in Dubuque six times since 1999. A subsequent study in 2009 by the Federal Emergency Management Agency (FEMA) identified a flood prone area in the Bee Branch Watershed impacting 1,373 properties. Of the seven Presidential Disaster Declarations issued between 1999 and 2011, six have hit the Bee Branch Watershed particularly hard with estimated damages totaling \$69.8 million, or about \$5.8 million annually.

Construction of the new Carter Road Detention Basin and expansion of the W. 32nd Street Detention Basin is complete. With federal funding from the U.S. Department of Transportation through the Transportation Investment Generating Economic Recovery (TIGER) grant, the City's first pervious pavement street was constructed in the area known as the Historic Millwork District. The City has also started reconstructing alleys with pervious pavement systems, completing eight of the 240 planned in the watershed. Of all the improvements associated with the twelve-phase Bee Branch Watershed Flood Mitigation Project, only the pervious pavement systems appreciably reduce the volume of floodwaters. Construction of the improvements associated with the Lower Bee Branch Creek Restoration began in 2010 and is scheduled to be complete in 2014. As outlined in the Drainage Basin Master Plan and the Bee Branch Creek Alignment Study, the Lower Bee Branch Creek Restoration includes the construction of the 2,500 foot long creek and flood plain area from Kerper Boulevard west and north to the railroad tracks just south of Garfield Avenue, replacing the underground Bee Branch storm sewer. In addition to "day-lighting" and restoring the Bee Branch Creek, this phase included the restoration of the floodplain, dredging of the 16th Street Detention Basin, relocation of utilities, and reworking the street system through the area to accommodate the new flood mitigation facility and the redevelopment of adjacent private property. Creek "day-lighting" required the construction of two bridges, maintenance access to the creek, hike/bike trail, safety and security measures, vegetation, recreational components and overlook areas for better monitoring of the creek. The acquisition of property is required to make room for the "day-lighted" creek and floodplain. Additional phases currently under design include:

- Flood Mitigation Gate Replacement, which involves the replacement of the flood mitigation gates, repair of the concrete gate structure and concrete wing walls, installation of check valves on the pump discharges, and installation of new air release valves at the Mississippi River floodwall's Bee Branch pumping station.
- Upper Bee Branch Creek Restoration which involves the removal of a buried storm sewer and replacing it with a 2,300 foot long creek and flood plain area from where the Lower Bee Branch Creek Restoration terminates just south of Garfield Avenue north to 24th Street. In addition to the restoration/day-lighting of the creek and floodplain, this phase includes the construction of vehicular and pedestrian bridges, bike/hike trails (that includes replacement of what has to be

removed to restore the creek), multiuse maintenance access, utility relocations, vegetation, overlooks, safety and security measures, parking, and education and recreational components. The acquisition of property is required to make room for the “day-lighted” creek and floodplain. The Upper Bee Branch Creek Restoration Project includes the construction of large diameter culverts under the Canadian Pacific (CP) Railroad yard and Garfield Avenue. It also includes property acquisitions (both partial and full), roadway reconfigurations, construction of bridge crossings and an outfall at 24th Street where the existing Bee Branch storm sewer will remain.

- 22nd Street Storm Sewer Improvements which involves the construction of a large diameter storm sewer from 22nd Street west across Central Avenue.
- Flood Mitigation Maintenance Facility designed to maintain the mile long creek and floodplain areas and ensure they function as designed, when necessary, a Flood Mitigation Maintenance Facility is planned near 16th and Elm Streets in the vicinity of the Lower Bee Branch Creek Restoration. In addition to providing work space for City employees assigned to maintaining the Bee Branch Creek Restoration the facility provides public restrooms which will double as a storm shelter. Parking will also be provided.
- North End Storm Sewer Improvements upgrading the storm sewers within the heart of the at risk properties on 25th, 26th, 27th, 28th, 29th, and 30th Streets between White and Elm Streets.
- Water Plant Flood Protection to equip the plant with a permanent concrete floodwall along the existing alignment of the property fence line, with the ability to deploy temporary measures at the access point openings.
- 17th Street Storm Sewers involving the construction of a large diameter storm sewer from Elm Street to W. Locust Street and Dorgan Place to safely convey more stormwater from the W. Locust Street sub-watershed to the restored Lower Bee Branch Creek.

The entire \$179 million (\$201 million with financing costs) Bee Branch Watershed Flood Mitigation Project is scheduled to be complete over the course of 20 years with the most significant improvements completed in the next six years. The project is being funded through a variety of local, state and federal funding sources as outlined below:

| Project Funding Sources |
|---|
| U.S. DOT TIGER Grant |
| I-Jobs II Grant |
| RECAT Grant |
| U.S. DOT National Scenic Byways Grant |
| State Recreational Trail Grant |
| U.S. Economic Development Administration |
| Dubuque Metropolitan Area Transportation Study |
| U.S. EPA Clean Water SRF Federal Financial Assistance |
| General Obligation Bonds |
| Private Donations |
| Stormwater Utility Fees |
| Sales of Assets and Land |
| State of Iowa Sales Tax Increment |

Beginning in 2006, the Dubuque City Council identified becoming a more sustainable city as one of its top priorities. They identified the vision that, "Dubuque is a viable, livable and equitable community. We embrace economic prosperity, social/cultural vibrancy, and environmental integrity in order to create a more sustainable legacy for generations to come." Since then, many initiatives have been underway to make Dubuque a more sustainable community. The City continues to implement projects that will help it achieve the Council's goal. These include adoption of the Unified Development Code, establishment of a City Green Team, holding the annual Growing Sustainable Communities Conference, completion of the 50% by 2030 Community Climate Action & Resiliency Plan, and a variety of neighborhood-based initiatives.

Smarter Sustainable Dubuque is a unique public/private partnership between the City of Dubuque and IBM Research, the division of IBM responsible for its "Smarter Planet" campaign. The project was initiated in September 2009 when the City of Dubuque and IBM announced their intentions to make Dubuque one of the first "smarter" sustainable cities in the U.S. Plans include the development of new smarter technologies and implementation strategies to create a replicable, international model of sustainability for communities of 200,000 and under, where over 40 percent of the U.S. population resides. The model integrates community engagement and education, more energy-efficient ways of operating municipal services, decreased carbon emissions, new job creation, increased financial savings, and a higher quality of life for the entire community. Smarter Sustainable Dubuque provides Dubuque residents the information and tools they need to make smarter choices about resource consumption. The initiative is engaging Dubuque residents and businesses who, through advanced technology, will be able to voluntarily better manage their use of resources in the areas of water, electricity, travel, discards, and health and wellness. Pilot studies involving more than 1,200 volunteer households were recently completed or are still underway to provide participants with personalized data on their water and electricity usage and travel habits.

A grand opening ceremony was held in October 2013 for the \$64 million renovation of the Water and Resource Recovery Center (W&RRC). Construction of the new W&RRC facilities required four major components: four anaerobic digesters (each approximately 70 feet in diameter and 30 feet tall) and a central control building; conversion from chlorine disinfection to ultra violet light; modification of existing structures for flow equalization; and overall upgrades and repairs. Final completion of the project is scheduled for February 2014. An additional cogeneration project to generate heat and electricity will be completed by January 2014. The projects are funded by state revolving loan funds repaid with sanitary sewer user fees.

The City of Dubuque's Transit Division is working on designing a \$12 million intermodal facility and a \$4.2 million renovation to the former public works building for use as a bus maintenance center. Part of the project will be funded with an \$8 million grant from the U.S. Federal Transit Administration. The intermodal facility will be located in the Millwork District and include a 292 space three level ramp, connecting walkway to bus transfer areas, local transit driveway, intra-city and inter-city buses and taxicabs. The projects are scheduled for completion in 2015.

The City's Lead Paint and Healthy Homes Programs, administered through the Housing and Health Departments, are partnering with the Community Foundation of Greater Dubuque in Green and Healthy Homes Initiative. Dubuque's GHHI Program was selected as one of the 16 sites nationally to participate in this initiative, sponsored by the Coalition to End Childhood Lead Poisoning. The goal of the initiative is both to reduce health hazards in home living environments and to transform lives through lifting families out of the cycle of poverty and socio-cultural impoverishment. This is achieved through a multi-department and agency service delivery system, providing hazard mitigation, assessment and referral

services in a household-centric approach that eliminates duplication and focuses resources cost-efficiently.

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, 2013, provided no instances of material weaknesses in internal control over compliance, or significant violations of applicable laws, regulations, contracts, and grants. 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 DMSWA) received cash basis investment earnings of \$774,846 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 \$871,673 deficit as of June 30, 2013. 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 \$619,859 as of June 30, 2013. 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 reaffirmed the City's Aa1 rate on the Series 2012 A, B, C, D, E, F G, H and I which reflects the City's role as dominant regional service and retail provider in northeast Iowa; satisfactory reserves enhanced by revenue raising flexibility; and a manageable debt position given the support of non-levy revenue sources that offset annual debt service payments. 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, 2012. This was the 25th 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, 2014. 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 8th consecutive year that the City has achieved this prestigious award. This award is valid for a period of one year.

The City of Dubuque submitted its investment policy to the Association of Public Treasurers of the United States and Canada for review and recertification during fiscal year ended June 30, 2009. The City was awarded the Certification of Excellence in July 2009. The investment policy is normally reviewed every five years.

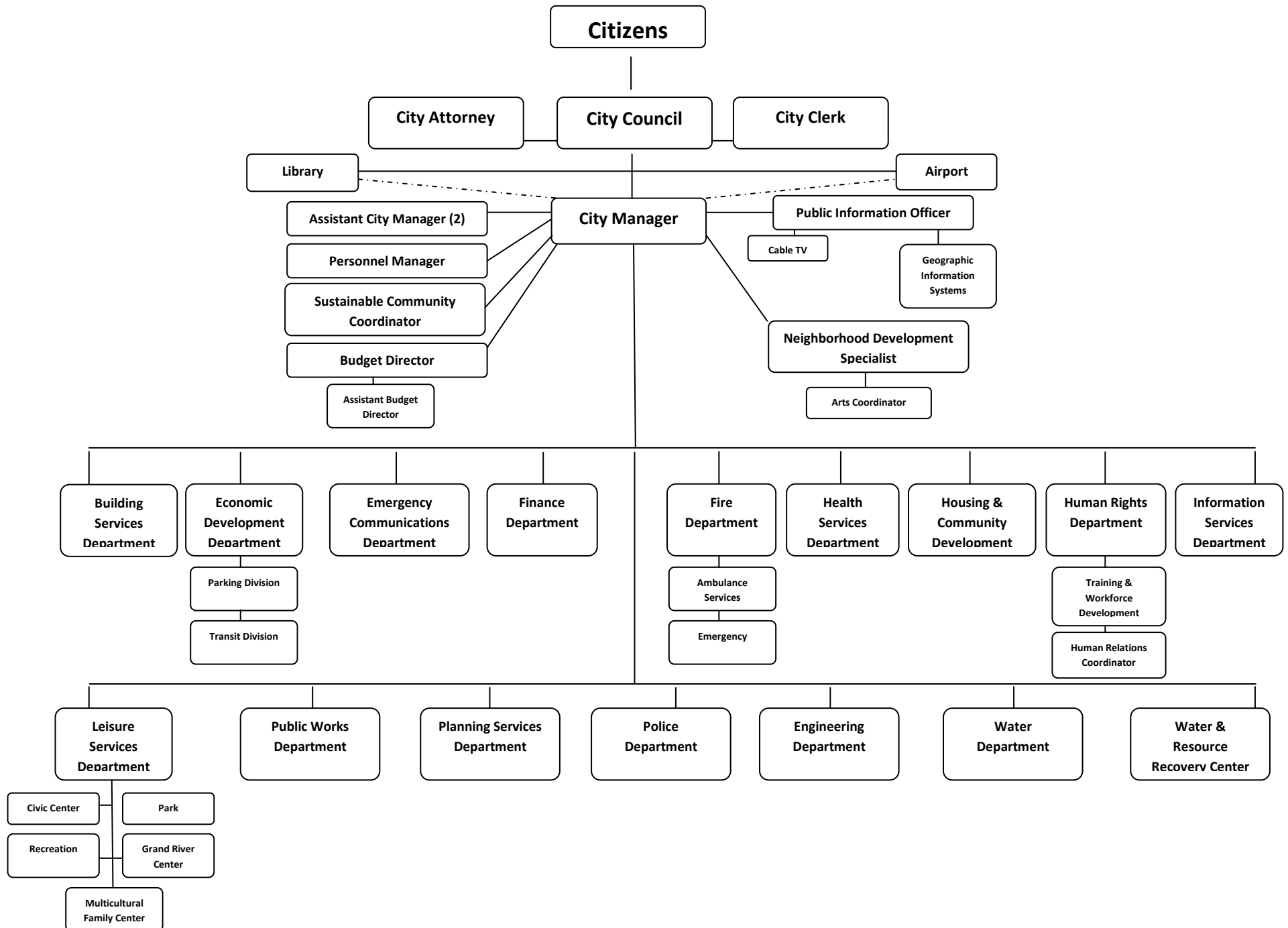
Acknowledgments. The preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We also thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City of Dubuque 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


Kenneth J. TeKippe, CPA
Finance Director

CITY OF DUBUQUE ORGANIZATIONAL CHART



CITY OF DUBUQUE, IOWA
OFFICIALS
JUNE 30, 2013

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 – 1 st Ward |
| Karla A. Braig | Council Member – 2 nd Ward |
| Joyce E. Connors | Council Member – 3 rd Ward |
| Lynn V. Sutton | Council Member – 4 th 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 |
| Phillip J. Wagner | Acting Economic Development Director |
| Kenneth J. TeKippe | Finance Director |
| E. Daniel Brown | 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 |
| Gus N. Psihoyos | Public Works Director |
| Robert M. Green | Water Department Manager |
| Jonathan R. Brown | Water & Resource Recovery 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, 2012

Executive Director/CEO

Financial Section
June 30, 2013
City of Dubuque, Iowa



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, 2013, 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 79 percent, 71 percent, and 57 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, a discretely presented component unit, 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, 2013, 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.

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 inquires 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 Organization*, 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 January 15, 2014, 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.

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

Dubuque, Iowa
January 15, 2014

CITY OF DUBUQUE, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

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, 2013. 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 remained constant at \$501,045,202 compared to net position of \$501,055,013 for fiscal year 2012.
- Governmental program revenues decreased \$15,354,360 due to lower grant revenue in fiscal year 2013 over fiscal year 2012 along with a program expenses decrease of \$2,416,463 from fiscal year 2012.
- The City's business type activities program revenues decreased \$1,581,318 due to decreased grant revenues along with program expenses decrease of \$62,189 from fiscal year 2012.

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 and liabilities, with the difference between the two 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 vacation/sick leave.

CITY OF DUBUQUE, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

The government-wide financial statements include not only the City itself (known as the primary government), but also two other legally separate entities (known as component units), the Dubuque Metropolitan Area Solid Waste Agency (DMASWA) and Dubuque Initiatives (DI) and Subsidiaries, for which the City of Dubuque is considered financially accountable. Financial information for DMASWA and DI are reported separately from the financial information presented for the primary government. The Dubuque Metropolitan Area Solid Waste Agency and Dubuque Initiatives and Subsidiaries 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 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, 2013

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 non-major 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 and the funding progress for the retiree benefit plan.

Other information. The combining statements referred to earlier in connection with non-major 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, 2013

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 largest part of the City's net position (95.9%) reflects its investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to the citizens and are not available for future spending.

CITY OF DUBUQUE'S NET POSITION

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current and other assets | \$ 101,483,710 | \$ 103,424,724 | \$ 24,942,169 | \$ 27,940,257 | \$ 126,425,879 | \$ 131,364,981 |
| Capital assets | 379,827,336 | 373,651,594 | 244,959,531 | 227,670,280 | 624,786,867 | 601,321,874 |
| Total assets | 481,311,046 | 477,076,318 | 269,901,700 | 255,610,537 | 751,212,746 | 732,686,855 |
| Long-term liabilities | 89,354,696 | 86,116,692 | 113,695,550 | 100,869,706 | 203,050,246 | 186,986,398 |
| Other liabilities | 34,780,389 | 33,765,745 | 12,336,909 | 10,879,699 | 47,117,298 | 44,645,444 |
| Total liabilities | 124,135,085 | 119,882,437 | 126,032,459 | 111,749,405 | 250,167,544 | 231,631,842 |
| Net Position: | | | | | | |
| Net investment in capital assets | 342,046,442 | 347,890,769 | 138,498,777 | 132,237,734 | 480,545,219 | 480,128,503 |
| Restricted | 23,491,207 | 26,180,100 | 6,011,848 | 957,802 | 29,503,055 | 27,137,902 |
| Unrestricted | (8,361,688) | (16,876,988) | (641,384) | 10,665,596 | (9,003,072) | (6,211,392) |
| Total net position | \$ 357,175,961 | \$ 357,193,881 | \$ 143,869,241 | \$ 143,861,132 | \$ 501,045,202 | \$ 501,055,013 |

Net position of the governmental activities decreased from FY12 by \$17,920. Grants and contributions decreased \$14,787,547 from FY12 as several large projects were completed in the prior year, including Bee Branch bridges and projects in the Millwork District. Charges for services also decreased \$566,813. The largest decrease is in special assessments revenue. Property taxes increased \$1,851,940 or 6% of FY12. Local option sales tax and hotel motel taxes combined increased 3% or \$354,718.

Net position for the business-type activities increased \$8,109 over FY12. Grants and contributions decreased \$3,397,701 as large projects were completed in prior year. Charges for services increased 7.5% or \$1,816,383 over FY12 due to rate increases of 15% on both water and sanitary sewer utilities and a 9% increase in refuse fees.

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

A portion of the City's net position (6.7%) represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal year 2013 the City has negative total unrestricted net position. The government-wide negative unrestricted results from the TIF (governmental activities) debt being used to finance capital assets of the business-type activities. Business-type activities negative unrestricted, results from storm water capital projects completed in fiscal year 2012 of which \$1,395,000 were covered under the State Revolving Loan fund proceeds received in fiscal year 2014 and sewer fund utilizing debt to cover the extraordinary expenses related to the mercury spill cleanup. Fiscal year 2013, the City is able to report positive balances in total net position, for both the government as a whole and business-type activity.

Governmental activities. Taxes are the largest source of governmental revenues with property taxes of \$32,668,554 in 2013. Other governmental revenues included gaming of \$8,452,298, local option sales taxes of \$8,764,787 and \$12,272,039 of charges for services. Governmental operating expenses during 2013 totaled \$91,951,008. The largest programs were public safety of \$28,292,481, public works of \$21,607,536, community and economic development of \$17,388,720 and culture and recreation of \$13,647,178

Business-type activities. Business-type activities increased net position by \$8,109 in fiscal year 2013 compared to the fiscal year 2012 increase of \$5,337,061. The increase in fiscal year 2012 was primarily due to new Central Street parking ramp and new equipment purchases in both transit and water utility.

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 12,722,039 | \$ 13,288,852 | \$ 25,972,597 | \$ 24,156,214 | \$ 38,694,636 | \$ 37,445,066 |
| Operating grants and contributions | 13,995,316 | 23,013,997 | 2,264,695 | 1,579,493 | 16,260,011 | 24,593,490 |
| Capital grants and contributions | 10,791,945 | 16,560,811 | 1,240,583 | 5,323,486 | 12,032,528 | 21,884,297 |
| General revenues | | | | | | |
| Property taxes | 32,668,554 | 30,816,614 | - | - | 32,668,554 | 30,816,614 |
| Local option sales tax | 8,764,787 | 8,459,888 | - | - | 8,764,787 | 8,459,888 |
| Hotel/motel tax | 1,953,763 | 1,903,944 | - | - | 1,953,763 | 1,903,944 |
| Utility franchise fees | 2,568,347 | 2,272,481 | - | - | 2,568,347 | 2,272,481 |
| Gaming | 8,452,298 | 8,785,453 | - | - | 8,452,298 | 8,785,453 |
| Unrestricted investment earnings | 201,153 | 1,529,149 | 65,351 | 206,672 | 266,504 | 1,735,821 |
| Gain on sale of capital assets | 907,122 | 1,417,048 | 384,697 | 84,178 | 1,291,819 | 1,501,226 |
| Total revenues | <u>93,025,324</u> | <u>108,048,237</u> | <u>29,927,923</u> | <u>31,350,043</u> | <u>122,953,247</u> | <u>139,398,280</u> |
| Expenses: | | | | | | |
| Public safety | 28,292,481 | 26,326,367 | - | - | 28,292,481 | 26,326,367 |
| Public works | 21,607,536 | 22,917,747 | - | - | 21,607,536 | 22,917,747 |
| Health and social services | 716,970 | 913,954 | - | - | 716,970 | 913,954 |
| Culture and recreation | 13,647,178 | 12,749,558 | - | - | 13,647,178 | 12,749,558 |
| Community and economic development | 17,388,720 | 22,030,950 | - | - | 17,388,720 | 22,030,950 |
| General government | 6,248,483 | 6,133,983 | - | - | 6,248,483 | 6,133,983 |
| Interest on long-term debt | 4,049,640 | 3,294,912 | - | - | 4,049,640 | 3,294,912 |
| Sewage disposal works | - | - | 9,375,748 | 9,718,669 | 9,375,748 | 9,718,669 |
| Water utility | - | - | 6,817,772 | 7,410,710 | 6,817,772 | 7,410,710 |
| Stormwater utility | - | - | 3,347,304 | 2,750,767 | 3,347,304 | 2,750,767 |
| Parking facilities | - | - | 3,586,405 | 3,152,055 | 3,586,405 | 3,152,055 |
| America's River Project | - | - | 22,770 | 22,787 | 22,770 | 22,787 |
| Refuse collection | - | - | 3,468,859 | 3,173,075 | 3,468,859 | 3,173,075 |
| Transit system | - | - | 3,492,095 | 3,629,750 | 3,492,095 | 3,629,750 |
| Salt | - | - | 346,066 | 661,395 | 346,066 | 661,395 |
| Total expenses | <u>91,951,088</u> | <u>94,367,471</u> | <u>30,457,019</u> | <u>30,519,208</u> | <u>122,408,027</u> | <u>124,886,679</u> |
| Increase (decrease) in net position before extraordinary item and transfers | 1,074,316 | 13,680,766 | (529,096) | 830,835 | 545,220 | 14,511,601 |
| Extraordinary item | - | - | (555,031) | (243,722) | (555,031) | (243,722) |
| Transfers | (1,092,236) | (4,749,948) | 1,092,236 | 4,749,948 | - | - |
| Increase (decrease) in net position | (17,920) | 8,930,818 | 8,109 | 5,337,061 | (9,811) | 14,267,879 |
| Net position, beginning | 357,193,881 | 348,263,063 | 143,861,132 | 138,524,071 | 501,055,013 | 486,787,134 |
| Net position, ending | <u>\$ 357,175,961</u> | <u>\$ 357,193,881</u> | <u>\$ 143,869,241</u> | <u>\$ 143,861,132</u> | <u>\$ 501,045,202</u> | <u>\$ 501,055,013</u> |

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported a combined fund balance of \$69,544,627 at June 30, 2013. \$15,669,386 is in non-spendable for inventory, advances to other funds, receivables, and prepaid items. \$69,412 is non-spendable endowment corpus. \$30,738,046 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 \$10,872,172 for capital improvements. \$3,434,440 is assigned for capital improvements and equipment. This leaves \$8,806,171 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 \$1,647,289 to \$18,886,889 due to public safety expenses increases related to MFPRSI and health insurance expenses and Community and Economic Development expenses for the design work at the Dubuque Industrial Center West (DICW).

The fund balance of special revenue fund Tax Increment Financing increased by \$66,682 to \$4,466,316 due to an increase in property tax revenue and a decrease in expenditures.

The fund balance of the capital projects fund General Construction increased by \$913,305 to \$18,225,839. Due to fewer capital projects expenses in fiscal year 2013 than anticipated.

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, 2013, totaled \$143,869,241 of which (\$641,384) is unrestricted. The net position of the internal service funds decreased by \$1,009,623 to (\$210,820) due to health insurance claims being larger than anticipated. The unrestricted net position of the internal service funds are (\$272,258).

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

The Sewer Fund had a decrease of \$865,573 for total net position of \$37,682,628 at June 30, 2013 primarily due to increase in liabilities for the construction of the Water Resource Recovery Center (WRRC). The fund also experienced an extraordinary loss of \$555,031 due to final mercury cleanup activities at the WRRC.

The Water Utility had an increase in net position of \$487,662 for total net position of \$24,742,054, primarily due to new equipment.

The Storm Water Utility had an increase in net position of \$748,315 primarily due to an increase in improvements other than buildings. Ending net position is \$31,038,354.

The Parking Facilities had a decrease in net position of \$300,847, primarily due to an increase in operating expenses. Ending net position is \$38,136,599.

Other Enterprise Funds net position decreased by \$61,448 for an ending balance of \$12,269,606. This was primarily due to an increase in operating expense for Refuse. America's River Project was also moved from a major fund to a nonmajor fund.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2012-2013 cash basis budget. The first amendment was passed in September 2012 to reflect operating and capital budget carryovers (continuing appropriation authority) from 2012 and amended the FY 2013 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in May 2013 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 \$48,407,573. 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 \$104,718,891 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.

Actual cash basis revenues were \$75,551,146 less than the final amended budget, and cash basis expenditures were \$168,581,055 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013, amounts to \$624,786,867 (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 the note 6 to the financial statements in this report.

CAPITAL ASSETS (net of accumulated depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 65,196,318 | \$ 64,719,688 | \$ 17,728,352 | \$ 17,226,067 | \$ 82,924,670 | \$ 81,945,755 |
| Buildings | 126,173,378 | 125,968,862 | 133,810,040 | 94,924,124 | 259,983,418 | 220,892,986 |
| Improvements other than buildings | 22,100,379 | 16,685,857 | 91,529,793 | 72,619,054 | 113,630,172 | 89,304,911 |
| Machinery and equipment | 38,179,274 | 37,141,418 | 90,018,972 | 68,654,938 | 128,198,246 | 105,796,356 |
| Infrastructure | 213,219,583 | 210,567,846 | - | - | 213,219,583 | 210,567,846 |
| Construction in progress | 33,798,734 | 29,378,594 | 2,250,248 | 63,139,045 | 36,048,982 | 92,517,639 |
| Accumulated depreciation | (118,840,330) | (110,810,671) | (90,377,874) | (88,892,948) | (209,218,204) | (199,703,619) |
| | <u>\$ 379,827,336</u> | <u>\$ 373,651,594</u> | <u>\$ 244,959,531</u> | <u>\$ 227,670,280</u> | <u>\$ 624,786,867</u> | <u>\$ 601,321,874</u> |

Major expenditures during 2012-2013 were for the construction work on the Water and Resource Recovery Center plant, Bee Branch storm water projects, Millwork District projects, and Southwest Arterial.

Long-term debt. At year end the City had \$202,218,341 of debt outstanding. This is an increase of \$16,450,694 from June 30, 2012. New debt issued during the current year included general obligation bonds of \$15,295,000. Series 2012E proceeds will be used to pay for the cost of Library repairs and improvements, costs associated with grading and road constructions, development of new parks, rehabilitation and improvement of existing City parks and public safety software replacement. Series 2012H will be used to pay the urban renewal projects for the Greater Downtown Urban Renewal District and the Technology Park South District including those costs associated with construction of a rail platform for the intermodal transportation center, Multicultural Family Center repairs and improvements including renovation of the second floor, construction of an Americans with Disability Act (ADA) compliant restroom at 5th and Bluff Streets, utilities extension and construction of a trail in Technology Park South. Proceeds of series 2012F will be used for projects in the Greater Downtown Urban Renewal District including funding development incentives in the Washington Neighborhood Subarea, assistance to property owners in the Greater Downtown Urban Renewal District to make structural changes that make the property more accessible and streetscape improvements for historic districts, and acquisition and installation of equipment, and repairs and improvements for the Mystique Community Ice Center. Series 2012G provided funding to pay costs of refunding and refinancing of General Obligation Bonds Series 2002C. Series 2012I proceeds provided funds to pay costs of refunding and refinancing of certain City indebtedness including General Obligation Bonds 2005 series C, 2006 series B and C, and 2007 series B. Existing debt was refinanced at more favorable rates and to remove bond restrictions on parking debt.

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

The City also received disbursements from the State Revolving Fund construction loan program of \$14,036,422 to fund the sanitary sewer projects. The City made a lease buyout of \$1 million for Bowling and Beyond riverfront properties. The City will pay \$50,000 annually over twenty years, beginning in fiscal year 2013.

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 our debt capacity is \$181,667,654. With \$143,302,946 of debt applicable against the capacity, we are utilizing 78.9% of this limit. Additional information on the City's long-term debt can be found in note 7 of this report.

ECONOMIC FACTORS

The City's unemployment rate ended the fiscal year at 3.7%, a 1.5% decrease from the prior year, and lower than both the State of Iowa's 4.6% rate and 7.3% national rate.

The assessed valuation of taxable property, net of exemptions, increased by 4.2% to \$2,337,129,000. In fiscal year 2013, the minimum monthly refuse rate increased \$.97 to \$11.69, sewer rates increased 15%, water rates increased 15%, and the storm water monthly fee increased 6.7% to \$5.60 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, 2013
City of Dubuque, Iowa

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2013

| | Primary Government | | | Component Units | |
|---|-------------------------|--------------------------|---------------|--|--------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Dubuque Metropolitan Area Solid Waste Agency | Dubuque Initiatives and Subsidiaries |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and pooled cash investments | \$ 47,174,760 | \$ 9,861,393 | \$ 57,036,153 | \$ 2,331,582 | \$ 2,051,076 |
| Receivables | | | | | |
| Property tax | | | | | |
| Delinquent | 202,248 | - | 202,248 | - | - |
| Succeeding year | 23,952,456 | - | 23,952,456 | - | - |
| Accounts and other | 1,536,804 | 2,767,993 | 4,304,797 | 276,587 | 179,588 |
| Special assessments | 1,087,855 | - | 1,087,855 | - | - |
| Accrued interest | 129,661 | 21,294 | 150,955 | 2,812 | 34,584 |
| Notes | 520,391 | - | 520,391 | - | 36,322 |
| Intergovernmental | 6,272,773 | 1,205,297 | 7,478,070 | 2,517 | - |
| Internal balances | 1,527,837 | (1,527,837) | - | - | - |
| Inventories | 1,019,852 | 690,683 | 1,710,535 | - | 530,251 |
| Prepaid items | 300,821 | 148,041 | 448,862 | 1,086 | 126,139 |
| Restricted cash | - | - | - | - | 262,007 |
| Total Current Assets | 83,725,458 | 13,166,864 | 96,892,322 | 2,614,584 | 3,219,967 |
| NONCURRENT ASSETS | | | | | |
| Temporarily restricted cash and investments | 2,581,220 | 11,775,305 | 14,356,525 | 4,582,216 | 983,898 |
| Permanently restricted cash and investments | 69,412 | - | 69,412 | - | - |
| Notes receivable | 15,107,620 | - | 15,107,620 | - | 11,021,144 |
| Capital assets | | | | | |
| Land | 65,196,318 | 17,728,352 | 82,924,670 | 2,776,217 | 131,983 |
| Buildings | 126,173,378 | 133,810,040 | 259,983,418 | 65,922 | 44,509,904 |
| Improvements other than buildings | 22,100,379 | 91,529,793 | 113,630,172 | 9,940,887 | 32,816 |
| Machinery and equipment | 38,179,274 | 90,018,972 | 128,198,246 | 3,563,483 | - |
| Infrastructure | 213,219,583 | - | 213,219,583 | - | - |
| Construction in progress | 33,798,734 | 2,250,248 | 36,048,982 | - | - |
| Accumulated depreciation | (118,840,330) | (90,377,874) | (209,218,204) | (8,127,349) | (3,602,251) |
| Total Noncurrent Assets | 397,585,588 | 256,734,836 | 654,320,424 | 12,801,376 | 53,077,494 |
| Total Assets | 481,311,046 | 269,901,700 | 751,212,746 | 15,415,960 | 56,297,461 |

EXHIBIT 1

| | Primary Government | | | Component Units | |
|--|-------------------------|--------------------------|----------------|--|--------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Dubuque Metropolitan Area Solid Waste Agency | Dubuque Initiatives and Subsidiaries |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | \$ 5,337,605 | \$ 7,093,311 | \$ 12,430,916 | \$ 195,915 | \$ 374,048 |
| Accrued payroll | 251,418 | 113,202 | 364,620 | 13,439 | - |
| Loans payable | 97,143 | 23,041 | 120,184 | - | - |
| Notes payable | 205,867 | 2,343,660 | 2,549,527 | - | 647,242 |
| General obligation bonds payable | 3,939,938 | 2,185,062 | 6,125,000 | - | - |
| Revenue bonds payable | - | 270,000 | 270,000 | - | - |
| Tax increment financing bonds payable | 372,973 | - | 372,973 | - | - |
| Accrued compensated absences | 291,711 | 42,428 | 334,139 | 2,215 | - |
| Accrued interest payable | 320,664 | 266,205 | 586,869 | - | 52,990 |
| Intergovernmental payable | 6,912 | - | 6,912 | 57,453 | - |
| Unearned revenue | | | | | |
| Succeeding year property tax | 23,952,456 | - | 23,952,456 | - | - |
| Other | 3,702 | - | 3,702 | - | - |
| Total Current Liabilities | 34,780,389 | 12,336,909 | 47,117,298 | 269,022 | 1,074,280 |
| NONCURRENT LIABILITIES | | | | | |
| Loans payable | 5,541,428 | 286,263 | 5,827,691 | - | - |
| Notes payable | 1,030,036 | 73,071,771 | 74,101,807 | - | 28,590,180 |
| General obligation bonds payable | 52,577,227 | 32,736,069 | 85,313,296 | - | - |
| Revenue bonds payable | - | 5,990,299 | 5,990,299 | - | - |
| Landfill closure and post closure care | - | - | - | 3,834,636 | - |
| Tax increment financing bonds payable | 21,547,564 | - | 21,547,564 | - | - |
| Accrued Compensated Absences | 5,932,117 | 1,033,208 | 6,965,325 | 335,034 | - |
| Net OPEB Liability | 2,726,324 | 577,940 | 3,304,264 | 59,719 | - |
| Total Noncurrent Liabilities | 89,354,696 | 113,695,550 | 203,050,246 | 4,229,389 | 28,590,180 |
| Total Liabilities | 124,135,085 | 126,032,459 | 250,167,544 | 4,498,411 | 29,664,460 |
| NET POSITION | | | | | |
| Net investment in capital assets | 342,046,442 | 138,498,777 | 480,545,219 | 8,219,160 | 11,835,030 |
| Restricted for/by: | | | | | |
| Bond ordinance development agreement | 2,140,740 | 6,011,848 | 8,152,588 | - | - |
| Debt service | 125,576 | - | 125,576 | - | - |
| Employee benefits | 31,984 | - | 31,984 | - | - |
| Community development | 10,974,937 | - | 10,974,937 | - | - |
| Iowa Finance Authority Trust | 70,403 | - | 70,403 | - | - |
| Capital projects | 8,497,363 | - | 8,497,363 | - | - |
| Franchise agreement | 270,146 | - | 270,146 | - | - |
| Endowments, expendable | 73,775 | - | 73,775 | - | - |
| Endowments, nonexpendable | 69,412 | - | 69,412 | - | - |
| Other | 1,236,871 | - | 1,236,871 | - | - |
| State statute | - | - | - | 330,306 | - |
| Minority interest | - | - | - | 537,555 | - |
| Unrestricted | (8,361,688) | (641,384) | (9,003,072) | 1,830,528 | 14,797,971 |
| Total Net Position | \$ 357,175,961 | \$ 143,869,241 | \$ 501,045,202 | \$ 10,917,549 | \$ 26,633,001 |

See notes to financial statements.

**CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

EXHIBIT 2

| Functions/Programs | Program Revenues | | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units | |
|--|------------------|----------------------|------------------------------------|----------------------------------|------------------------|---|--------------------------|----------------|--|--------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Program Revenues | Primary government | | | Dubuque Metropolitan Area Solid Waste Agency | Dubuque Initiatives and Subsidiaries |
| | | | | | | Governmental Activities | Business-type Activities | Total | | |
| Primary government | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Public safety | \$ 28,292,481 | \$ 2,495,737 | \$ 902,988 | \$ 40,733 | \$ 3,439,458 | \$(24,853,023) | \$ - | \$(24,853,023) | \$ - | \$ - |
| Public works | 21,607,536 | 4,472,479 | 8,222,530 | 6,025,642 | 18,720,651 | (2,886,885) | - | (2,886,885) | - | - |
| Health and social services | 716,970 | 122,156 | 32,064 | - | 154,220 | (562,750) | - | (562,750) | - | - |
| Culture and recreation | 13,647,178 | 2,488,844 | 442,164 | 435,645 | 3,366,653 | (10,280,525) | - | (10,280,525) | - | - |
| Community and economic development | 17,388,720 | 1,112,713 | 4,369,814 | 4,119,554 | 9,602,081 | (7,786,639) | - | (7,786,639) | - | - |
| General government | 6,248,483 | 2,030,110 | 25,756 | 144,948 | 2,200,814 | (4,047,669) | - | (4,047,669) | - | - |
| Interest on long-term debt | 4,049,640 | - | - | 25,423 | 25,423 | (4,024,217) | - | (4,024,217) | - | - |
| Total governmental activities | 91,951,008 | 12,722,039 | 13,995,316 | 10,791,945 | 37,509,300 | (54,441,708) | - | (54,441,708) | - | - |
| Business-type activities | | | | | | | | | | |
| Sewage disposal works | 9,375,748 | 8,924,785 | 7,946 | 332,861 | 9,265,592 | - | (110,156) | (110,156) | - | - |
| Water utility | 6,817,772 | 6,922,582 | 4,625 | 424,976 | 7,352,183 | - | 534,411 | 534,411 | - | - |
| Stormwater utility | 3,347,304 | 3,192,256 | 22,000 | 348,405 | 3,562,661 | - | 215,357 | 215,357 | - | - |
| Parking facilities | 3,586,405 | 2,883,865 | 71,399 | 132,671 | 3,087,935 | - | (498,470) | (498,470) | - | - |
| Americans River Project | 22,770 | - | - | - | - | - | (22,770) | (22,770) | - | - |
| Refuse collection | 3,468,859 | 3,346,795 | - | 1,670 | 3,348,465 | - | (120,394) | (120,394) | - | - |
| Transit system | 3,492,095 | 307,314 | 2,158,725 | - | 2,466,039 | - | (1,026,056) | (1,026,056) | - | - |
| Salt | 346,066 | 395,000 | - | - | 395,000 | - | 48,934 | 48,934 | - | - |
| Total business-type activities | 30,457,019 | 25,972,597 | 2,264,695 | 1,240,583 | 29,477,875 | - | (979,144) | (979,144) | - | - |
| Total primary government | \$ 122,408,027 | \$ 38,694,636 | \$ 16,260,011 | \$ 12,032,528 | \$ 66,987,175 | (54,441,708) | (979,144) | (55,420,852) | - | - |
| Component units | | | | | | | | | | |
| DMASWA | 3,922,334 | 3,542,816 | - | 79,088 | 3,621,904 | | | | (300,430) | - |
| Dubuque Initiatives and Subsidiaries | 4,396,888 | 3,665,272 | - | 666,022 | 4,331,294 | | | | - | (65,594) |
| Total Component Units | \$ 8,319,222 | \$ 7,208,088 | \$ - | \$ 745,110 | \$ 7,953,198 | | | | (300,430) | (65,594) |
| General revenues | | | | | | | | | | |
| Property taxes | | | | | | 32,668,554 | - | 32,668,554 | - | - |
| Local option sales tax | | | | | | 8,764,787 | - | 8,764,787 | - | - |
| Hotel motel tax | | | | | | 1,953,763 | - | 1,953,763 | - | - |
| Utility franchise fees | | | | | | 2,568,347 | - | 2,568,347 | - | - |
| Gaming | | | | | | 8,452,298 | - | 8,452,298 | - | - |
| Unrestricted investment earnings | | | | | | 201,153 | 65,351 | 266,504 | 19,564 | 574,018 |
| Gain on disposal of capital assets | | | | | | 907,122 | 384,697 | 1,291,819 | - | - |
| Extraordinary item mercury clean up | | | | | | - | (555,031) | (555,031) | - | - |
| Transfers | | | | | | (1,092,236) | 1,092,236 | - | - | - |
| Total General Revenues and Transfers | | | | | | 54,423,788 | 987,253 | 55,411,041 | 19,564 | 574,018 |
| Change in Net Position | | | | | | (17,920) | 8,109 | (9,811) | (280,866) | 508,424 |
| Net position, beginning of year, as restated | | | | | | 357,193,881 | 143,861,132 | 501,055,013 | 11,198,415 | 26,124,577 |
| Net position, ending of year | | | | | | \$ 357,175,961 | \$ 143,869,241 | \$ 501,045,202 | \$ 10,917,549 | \$ 26,633,001 |

See notes to financial statements

**CITY OF DUBUQUE, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

EXHIBIT 3

| | | Special Revenue | Capital Projects | | |
|---|---------------|-------------------------------|-------------------------|--------------------------------|----------------|
| | General | Tax Increment Financing | General Construction | Other Governmental Funds | Total |
| ASSETS | | | | | |
| Cash and pooled cash investments | \$ 9,602,497 | \$ 2,249,662 | \$ 18,406,098 | \$ 15,637,399 | \$ 45,895,656 |
| Receivables | | | | | |
| Property tax | | | | | |
| Delinquent | 161,151 | - | - | 41,097 | 202,248 |
| Succeeding year | 18,419,001 | - | - | 5,533,455 | 23,952,456 |
| Accounts and other | 1,268,983 | - | - | 168,821 | 1,437,804 |
| Special assessments | - | - | - | 1,087,855 | 1,087,855 |
| Accrued interest | 39,058 | 38,914 | 717 | 48,378 | 127,067 |
| Notes | 6,095,785 | 37,000 | 187,156 | 9,308,070 | 15,628,011 |
| Intergovernmental | 1,535,278 | - | 66,084 | 4,671,411 | 6,272,773 |
| Due from other funds | 1,570,621 | - | - | - | 1,570,621 |
| Inventories | 281,531 | - | - | 637,198 | 918,729 |
| Prepaid items | 268,962 | - | - | 31,859 | 300,821 |
| Restricted cash and pooled cash investments | - | 2,140,740 | - | 509,892 | 2,650,632 |
| Total Assets | \$ 39,242,867 | \$ 4,466,316 | \$ 18,660,055 | \$ 37,675,435 | \$ 100,044,673 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 985,548 | \$ - | \$ 368,132 | \$ 2,303,748 | \$ 3,657,428 |
| Accrued payroll | 179,785 | - | - | 40,237 | 220,022 |
| Intergovernmental payable | - | - | - | 6,912 | 6,912 |
| Due to other funds | - | - | - | 279 | 279 |
| Deferred revenue | | | | | |
| Succeeding year property tax | 18,419,001 | - | - | 5,533,455 | 23,952,456 |
| Other | 771,644 | - | 66,084 | 1,825,221 | 2,662,949 |
| Total Liabilities | 20,355,978 | - | 434,216 | 9,709,852 | 30,500,046 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Endowment corpus | - | - | - | 69,412 | 69,412 |
| Inventory | 281,531 | - | - | 637,198 | 918,729 |
| Long-term notes receivable | 6,095,785 | - | 187,156 | 8,166,895 | 14,449,836 |
| Prepaid items | 268,962 | - | - | 31,859 | 300,821 |
| Restricted | | | | | |
| Endowments | - | - | - | 73,775 | 73,775 |
| Library | - | - | - | 1,219,622 | 1,219,622 |
| Debt service | - | - | - | 125,576 | 125,576 |
| Bond ordinance | - | 2,140,740 | - | - | 2,140,740 |
| Capital improvements | - | 2,325,576 | 18,038,683 | 3,627,109 | 23,991,368 |
| Franchise agreement | - | - | - | 270,146 | 270,146 |
| Special assessments | - | - | - | 15,267 | 15,267 |
| Claims | - | - | - | 1,982 | 1,982 |
| Iowa Finance Authority Trust | - | - | - | 70,403 | 70,403 |
| Community programs | - | - | - | 2,797,183 | 2,797,183 |
| Employee benefits | - | - | - | 31,984 | 31,984 |
| Committed, capital improvements | - | - | - | 10,827,172 | 10,827,172 |
| Assigned | | | | | |
| DRA gaming and distribution | 3,434,440 | - | - | - | 3,434,440 |
| Unassigned | | | | | |
| | 8,806,171 | - | - | - | 8,806,171 |
| Total Fund Balances | 18,886,889 | 4,466,316 | 18,225,839 | 27,965,583 | 69,544,627 |
| Total Liabilities and Fund Balances | \$ 39,242,867 | \$ 4,466,316 | \$ 18,660,055 | \$ 37,675,435 | \$ 100,044,673 |

See notes to financial statements.

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

EXHIBIT 3-1

Total fund balances - governmental funds \$ 69,544,627

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 | \$ 498,561,145 | |
| Accumulated depreciation | (118,795,246) | |
| | | 379,765,899 |

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 | 33,698 | |
| Special assessments | 1,072,588 | |
| Other | 1,552,961 | |
| | | 2,659,247 |

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.

(210,820)

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 | (56,517,165) | |
| Tax increment financing bonds | (21,920,537) | |
| Notes payable | (1,235,903) | |
| Loans payable | (5,638,571) | |
| Accrued interest | (320,664) | |
| Compensated absences | (6,223,828) | |
| Net OPEB liability | (2,726,324) | |
| | | (94,582,992) |

| | |
|---|----------------|
| Net position of governmental activities | \$ 357,175,961 |
|---|----------------|

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, 2013

EXHIBIT 4

| | Special Revenue | | Capital Projects | | |
|--|-----------------|-------------------------------|-------------------------|--------------------------------|---------------|
| | General | Tax Increment Financing | General Construction | Other Governmental Funds | Total |
| REVENUES | | | | | |
| Taxes | \$ 26,608,392 | \$ 9,831,858 | \$ - | \$ 9,000,723 | \$ 45,440,973 |
| Special assessments | - | - | - | 175,486 | 175,486 |
| Licenses and permits | 1,271,771 | - | - | - | 1,271,771 |
| Intergovernmental | 2,785,616 | 26,602 | - | 23,768,613 | 26,580,831 |
| Charges for services | 8,590,278 | - | - | 361,901 | 8,952,179 |
| Fines and forfeits | 484,128 | - | - | - | 484,128 |
| Investment earnings | 222,983 | (230,254) | 48,698 | 138,589 | 180,016 |
| Contributions | 357,988 | - | - | 12,166 | 370,154 |
| Gaming | 8,452,298 | - | - | - | 8,452,298 |
| Miscellaneous | 559,309 | 7 | 4,337 | 752,262 | 1,315,915 |
| Total Revenues | 49,332,763 | 9,628,213 | 53,035 | 34,209,740 | 93,223,751 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Public safety | 26,497,378 | - | - | 9,336 | 26,506,714 |
| Public works | 7,087,746 | - | - | 6,328,362 | 13,416,108 |
| Health and social services | 556,426 | - | - | 124,040 | 680,466 |
| Culture and recreation | 11,005,077 | - | - | 212,942 | 11,218,019 |
| Community and economic development | 4,246,289 | 4,400,907 | - | 10,031,300 | 18,678,496 |
| General government | 4,466,825 | - | - | 568,283 | 5,035,108 |
| Debt service | | | | | |
| Principal | 40,000 | 283,820 | - | 2,858,420 | 3,182,240 |
| Interest and fiscal charges | 141,588 | 206,664 | - | 3,642,863 | 3,991,115 |
| Capital projects | - | - | 3,760,803 | 12,875,895 | 16,636,698 |
| Total Expenditures | 54,041,329 | 4,891,391 | 3,760,803 | 36,651,441 | 99,344,964 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (4,708,566) | 4,736,822 | (3,707,768) | (2,441,701) | (6,121,213) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Issuance of debt | 565,000 | 1,152,671 | 3,218,329 | 1,641,268 | 6,577,268 |
| Issuance of refunding debt | 1,743,427 | 3,205,721 | - | - | 4,949,148 |
| Payment to refunded bond escrow agent | (1,743,427) | (3,205,721) | - | - | (4,949,148) |
| Transfers in | 5,479,809 | 500,000 | 157,817 | 9,158,004 | 15,295,630 |
| Transfers out | (3,220,098) | (6,322,811) | (799,299) | (6,638,995) | (16,981,203) |
| Insurance recovery | 3,060 | - | - | 46,149 | 49,209 |
| Sale of capital assets | 233,506 | - | 2,044,226 | 161,105 | 2,438,837 |
| Total Other Financing Sources (Uses) | 3,061,277 | (4,670,140) | 4,621,073 | 4,367,531 | 7,379,741 |
| NET CHANGE IN FUND BALANCES | (1,647,289) | 66,682 | 913,305 | 1,925,830 | 1,258,528 |
| FUND BALANCES, BEGINNING | 20,534,178 | 4,399,634 | 17,312,534 | 26,039,753 | 68,286,099 |
| FUND BALANCES, ENDING | \$ 18,886,889 | \$ 4,466,316 | \$ 18,225,839 | \$ 27,965,583 | \$ 69,544,627 |

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, 2013

EXHIBIT 4-1

Net change in fund balances - total governmental funds \$ 1,258,528

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 | \$ 15,652,377 | |
| Transfers of capital assets from enterprise funds | 600,033 | |
| Transfers of capital assets to enterprise funds | (2,562) | |
| Contributions from developers and federal government | 430,850 | |
| Depreciation expense | <u>(8,995,981)</u> | |
| | | 7,684,717 |

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.

(1,538,954)

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 revenues increased (decreased) by these amounts this year:

| | | |
|---------------------|--------------------|-------------|
| Property tax | 7,304 | |
| Special assessments | 525,222 | |
| Other | <u>(2,139,271)</u> | |
| | | (1,606,745) |

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.

| | | |
|---------------------------------|------------------|-------------|
| Issuance of debt | \$ (11,526,416) | |
| Debt repayments | 3,182,240 | |
| Payment to refunded bond escrow | <u>4,949,148</u> | |
| | | (3,395,028) |

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:

| | | |
|---------------------------------------|------------------|-------------|
| Increase in accrued interest | 9,151 | |
| Amortization of bond discount/premium | (67,676) | |
| Increase in compensated absences | (857,784) | |
| Increase in net OPEB liability | <u>(494,506)</u> | |
| Total additional expenses | | (1,410,815) |

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.

(1,009,623)

Change in net position of governmental activities

\$ (17,920)

See notes to financial statements.



CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

| | Business-type Activities-Enterprise Funds | | |
|---|---|------------------|-----------------------|
| | Sewage Disposal Works | Water Utility | Stormwater Utility |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and pooled cash investments | \$ 5,624,338 | \$ 2,423,431 | \$ - |
| Receivables | | | |
| Accounts | 1,050,400 | 821,573 | 335,454 |
| Accrued interest | 11,405 | 6,310 | - |
| Intergovernmental | 114,682 | 148,166 | 21,804 |
| Inventories | - | 690,683 | - |
| Prepaid items | - | 141,668 | - |
| Total Current Assets | 6,800,825 | 4,231,831 | 357,258 |
| NONCURRENT ASSETS | | | |
| Restricted cash and pooled cash investments | 2,971,742 | 3,887,502 | - |
| Capital assets | | | |
| Land | 167,855 | 59,898 | 15,835,134 |
| Buildings | 70,471,058 | 8,403,073 | - |
| Improvements to other than buildings | 38,147,147 | 761,957 | 49,979,810 |
| Machinery and equipment | 34,919,059 | 44,915,125 | 1,016,891 |
| Construction in progress | 593,128 | 598,601 | 51,889 |
| Accumulated depreciation | (43,481,980) | (21,881,559) | (10,010,402) |
| Net Capital Assets | 100,816,267 | 32,857,095 | 56,873,322 |
| Total Noncurrent Assets | 103,788,009 | 36,744,597 | 56,873,322 |
| Total Assets | \$ 110,588,834 | \$ 40,976,428 | \$ 57,230,580 |

| Business-type Activities-Enterprise Funds | | | | |
|---|---------------------------|----------------|---|--|
| Parking Facilities | Other Enterprise Funds | Total | Governmental Activities - Internal Service Funds | |
| \$ 809,379 | \$ 1,004,245 | \$ 9,861,393 | \$ 1,279,104 | |
| 141,397 | 419,169 | 2,767,993 | 99,000 | |
| 2,226 | 1,353 | 21,294 | 2,594 | |
| - | 920,645 | 1,205,297 | - | |
| - | - | 690,683 | 101,123 | |
| 6,373 | - | 148,041 | - | |
| 959,375 | 2,345,412 | 14,694,701 | 1,481,821 | |
| 746,215 | 4,169,846 | 11,775,305 | - | |
| 1,629,465 | 36,000 | 17,728,352 | - | |
| 52,872,887 | 2,063,022 | 133,810,040 | - | |
| 2,396,647 | 244,232 | 91,529,793 | - | |
| 1,944,827 | 7,223,070 | 90,018,972 | 106,521 | |
| - | 1,006,630 | 2,250,248 | - | |
| (11,580,660) | (3,423,273) | (90,377,874) | (45,084) | |
| 47,263,166 | 7,149,681 | 244,959,531 | 61,437 | |
| 48,009,381 | 11,319,527 | 256,734,836 | 61,437 | |
| \$ 48,968,756 | \$ 13,664,939 | \$ 271,429,537 | \$ 1,543,258 | |

(Continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

| | Business-type Activities-Enterprise Funds | | |
|--|---|------------------|-----------------------|
| | Sewage Disposal Works | Water Utility | Stormwater Utility |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ 4,314,506 | \$ 982,879 | \$ 1,070,706 |
| Accrued payroll | 21,590 | 28,620 | 3,873 |
| Loans payable - current | - | - | - |
| General obligation bonds payable | 308,136 | 357,975 | 800,329 |
| Revenue bonds payable | - | 270,000 | - |
| Capital loan notes payable | 1,916,172 | 161,500 | 265,988 |
| Accrued compensated absences | 31,450 | 4,962 | 608 |
| Accrued interest payable | 113,280 | 37,555 | 69,630 |
| Due to other funds | - | - | 1,501,332 |
| Total Current Liabilities | 6,705,134 | 1,843,491 | 3,712,466 |
| NONCURRENT LIABILITIES | | | |
| Loans payable | - | - | - |
| General obligation bonds payable | 4,551,603 | 4,419,046 | 14,066,168 |
| Revenue bonds payable | - | 5,990,299 | - |
| Capital loan notes payable | 61,188,249 | 3,512,140 | 8,371,382 |
| Accrued compensated absences | 310,251 | 306,360 | 9,103 |
| Net OPEB Liability | 150,969 | 163,038 | 33,107 |
| Total Noncurrent Liabilities | 66,201,072 | 14,390,883 | 22,479,760 |
| Total Liabilities | 72,906,206 | 16,234,374 | 26,192,226 |
| NET POSITION | | | |
| Net investment in capital assets | 38,453,492 | 20,804,562 | 35,100,906 |
| Restricted by bond ordinance/development agreement | 320,859 | 1,229,076 | - |
| Unrestricted | (1,091,723) | 2,708,416 | (4,062,552) |
| Total Net Position | \$ 37,682,628 | \$ 24,742,054 | \$ 31,038,354 |

See notes to financial statements.

| Business-type Activities-Enterprise Funds | | | | |
|---|---------------------------|----------------|---|--|
| Parking Facilities | Other Enterprise Funds | Total | Governmental Activities - Internal Service Funds | |
| \$ 20,661 | \$ 704,559 | \$ 7,093,311 | \$ 1,680,177 | |
| 9,024 | 50,095 | 113,202 | 31,396 | |
| 23,041 | - | 23,041 | - | |
| 714,210 | 4,412 | 2,185,062 | - | |
| - | - | 270,000 | - | |
| - | - | 2,343,660 | - | |
| 3,193 | 2,215 | 42,428 | - | |
| 45,475 | 265 | 266,205 | - | |
| - | 26,505 | 1,527,837 | 42,505 | |
| 815,604 | 788,051 | 13,864,746 | 1,754,078 | |
| 286,263 | - | 286,263 | - | |
| 9,604,614 | 94,638 | 32,736,069 | - | |
| - | - | 5,990,299 | - | |
| - | - | 73,071,771 | - | |
| 70,476 | 337,018 | 1,033,208 | - | |
| 55,200 | 175,626 | 577,940 | - | |
| 10,016,553 | 607,282 | 113,695,550 | - | |
| 10,832,157 | 1,395,333 | 127,560,296 | 1,754,078 | |
| 37,089,186 | 7,050,631 | 138,498,777 | 61,438 | |
| 292,067 | 4,169,846 | 6,011,848 | - | |
| 755,346 | 1,049,129 | (641,384) | (272,258) | |
| \$ 38,136,599 | \$ 12,269,606 | \$ 143,869,241 | \$ (210,820) | |

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Business-type Activities-Enterprise Funds | | |
|--|---|------------------|-----------------------|
| | Sewage Disposal Works | Water Utility | Stormwater Utility |
| OPERATING REVENUES | | | |
| Charges for sales and services | \$ 8,743,467 | \$ 6,919,955 | \$ 3,170,948 |
| Other | 181,318 | 2,627 | 21,308 |
| Total Operating Revenues | 8,924,785 | 6,922,582 | 3,192,256 |
| OPERATING EXPENSES | | | |
| Employee expense | 3,333,236 | 2,421,990 | 869,399 |
| Utilities | 586,077 | 631,368 | 4,044 |
| Repairs and maintenance | 470,462 | 172,342 | 52,431 |
| Supplies and services | 1,607,598 | 2,093,134 | 1,082,281 |
| Insurance | 115,872 | 71,698 | 10,511 |
| Depreciation | 1,367,579 | 912,924 | 449,091 |
| Total Operating Expenses | 7,480,824 | 6,303,456 | 2,467,757 |
| OPERATING INCOME (LOSS) | 1,443,961 | 619,126 | 724,499 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Intergovernmental | 31,056 | 2,714 | 63,039 |
| Investment earnings | 25,979 | 21,384 | 2,114 |
| Contributions | 7,946 | 4,625 | 22,000 |
| Interest expense | (1,894,924) | (514,316) | (879,547) |
| Gain on disposal of assets | 7,131 | 19,254 | 336,358 |
| Net Nonoperating Revenues (Expenses) | (1,822,812) | (466,339) | (456,036) |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, EXTRAORDINARY ITEMS AND TRANSFERS | (378,851) | 152,787 | 268,463 |
| CAPITAL CONTRIBUTIONS | 301,805 | 422,262 | 285,366 |
| EXTRAORDINARY ITEM, MERCURY CLEANUP | (555,031) | - | - |
| TRANSFERS IN | 180,120 | 72,959 | 275,741 |
| TRANSFERS OUT | (413,616) | (160,346) | (81,255) |
| CHANGE IN NET POSITION | (865,573) | 487,662 | 748,315 |
| NET POSITION, BEGINNING | 38,548,201 | 24,254,392 | 30,290,039 |
| NET POSITION, ENDING | \$ 37,682,628 | \$ 24,742,054 | \$ 31,038,354 |

See notes to financial statements.

| Business-type Activities-Enterprise Funds | | | |
|---|------------------------------|----------------|--|
| Parking Facilities | Other Enterprise Funds | Total | Governmental Activities- Internal Service Funds |
| \$ 2,648,854 | \$ 3,916,251 | \$ 25,399,475 | \$ 12,709,189 |
| 235,011 | 132,858 | 573,122 | 37,530 |
| 2,883,865 | 4,049,109 | 25,972,597 | 12,746,719 |
| 925,995 | 3,866,030 | 11,416,650 | 2,897,264 |
| 260,795 | 77,127 | 1,559,411 | 26,711 |
| 214,770 | 544,942 | 1,454,947 | 40,928 |
| 607,404 | 2,091,621 | 7,482,038 | 10,670,092 |
| 55,366 | 63,907 | 317,354 | 134,941 |
| 1,051,439 | 682,919 | 4,463,952 | 10,738 |
| 3,115,769 | 7,326,546 | 26,694,352 | 13,780,674 |
| (231,904) | (3,277,437) | (721,755) | (1,033,955) |
| 132,671 | 2,126,309 | 2,355,789 | - |
| - | 15,874 | 65,351 | 21,137 |
| 71,399 | 34,086 | 140,056 | - |
| (470,636) | (3,244) | (3,762,667) | - |
| - | 24,514 | 387,257 | 7,329 |
| (266,566) | 2,197,539 | (814,214) | 28,466 |
| (498,470) | (1,079,898) | (1,535,969) | (1,005,489) |
| - | - | 1,009,433 | - |
| - | - | (555,031) | - |
| 197,623 | 1,393,045 | 2,119,488 | - |
| - | (374,595) | (1,029,812) | (4,134) |
| (300,847) | (61,448) | 8,109 | (1,009,623) |
| 38,437,446 | 12,331,054 | 143,861,132 | 798,803 |
| \$ 38,136,599 | \$ 12,269,606 | \$ 143,869,241 | \$ (210,820) |

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

| | Business-type Activities- | | | |
|--|-----------------------------|------------------|-----------------------|-----------------------|
| | Sewage Disposal Works | Water Utility | Stormwater Utility | Parking Facilities |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 9,934,117 | \$ 6,867,489 | \$ 3,175,482 | \$ 2,661,764 |
| Cash payments to suppliers for goods and services | (2,961,600) | (2,093,843) | (1,286,616) | (1,135,944) |
| Cash payments to employees for services | (3,259,011) | (2,376,098) | (862,527) | (900,216) |
| Other operating receipts | 181,318 | 2,627 | 21,308 | 235,011 |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | 3,894,824 | 2,400,175 | 1,047,647 | 860,615 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from other funds | 180,120 | 70,397 | 275,741 | 197,623 |
| Transfers to other funds | (20,152) | - | (35,032) | - |
| Proceeds from interfund balances | - | - | 1,501,332 | - |
| Payment of interfund balances | - | (56,465) | - | - |
| Intergovernmental grant proceeds | - | - | - | - |
| Payments for extraordinary item | (555,031) | - | - | - |
| NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES | (395,063) | 13,932 | 1,742,041 | 197,623 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from sale of capital assets | 7,131 | 19,254 | 336,358 | - |
| Acquisition and construction of capital assets | (14,577,314) | (2,104,277) | (2,666,088) | (449,102) |
| Proceeds from issuance of debt | 14,691,663 | 1,643,150 | 134,342 | 2,335,852 |
| Payment of debt | (363,155) | (1,617,114) | (1,010,655) | (2,822,400) |
| Interest paid | (1,908,135) | (520,659) | (880,518) | (474,026) |
| Contributions | 7,946 | 4,625 | 22,000 | 71,399 |
| Intergovernmental grant proceeds | - | - | 41,235 | 132,671 |
| NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES | (2,141,864) | (2,575,021) | (4,023,326) | (1,205,606) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | 26,535 | 22,159 | 5,583 | 2,013 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,384,432 | (138,755) | (1,228,055) | (145,355) |
| CASH AND CASH EQUIVALENTS, BEGINNING | 7,211,648 | 6,449,688 | 1,228,055 | 1,700,949 |
| CASH AND CASH EQUIVALENTS, ENDING | \$ 8,596,080 | \$ 6,310,933 | \$ - | \$ 1,555,594 |

EXHIBIT 7

| Enterprise Funds | | Governmental |
|------------------------------|---------------|--|
| Other Enterprise Funds | Total | Activities- Internal Service Funds |
| \$ 3,835,963 | \$ 26,474,815 | \$ 12,628,598 |
| (2,129,540) | (9,607,543) | (10,762,445) |
| (3,781,564) | (11,179,416) | (2,897,478) |
| 132,858 | 573,122 | 37,530 |
| (1,942,283) | 6,260,978 | (993,795) |
| 1,393,045 | 2,116,926 | - |
| (374,595) | (429,779) | (4,134) |
| - | 1,501,332 | 36,078 |
| (115,903) | (172,368) | - |
| 1,876,051 | 1,876,051 | - |
| - | (555,031) | - |
| 2,778,598 | 4,337,131 | 31,944 |
| 20,944 | 383,687 | 7,329 |
| (1,540,890) | (21,337,671) | (40,717) |
| - | 18,805,007 | - |
| - | - | - |
| (4,385) | (5,817,709) | - |
| (3,286) | (3,786,624) | - |
| 34,086 | 140,056 | - |
| - | 173,906 | - |
| (1,493,531) | (11,439,348) | (33,388) |
| 17,086 | 73,376 | 20,047 |
| (640,130) | (767,863) | (975,192) |
| 5,814,221 | 22,404,561 | 2,254,296 |
| \$ 5,174,091 | \$ 21,636,698 | \$ 1,279,104 |

(Continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

| | Business-type Activities - | | | |
|--|-----------------------------|---------------------|-----------------------|-----------------------|
| | Sewage Disposal Works | Water Utility | Stormwater Utility | Parking Facilities |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 1,443,961 | \$ 619,126 | \$ 724,499 | \$ (231,904) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | |
| Depreciation | 1,367,579 | 912,924 | 449,091 | 1,051,439 |
| Change in assets and liabilities | | | | |
| (Increase) decrease in receivables | 1,190,650 | (52,466) | 4,534 | 12,910 |
| Decrease in inventories and prepaid items | - | 131,375 | - | (6,373) |
| Increase (decrease) in accounts payable | (181,591) | 743,324 | (137,349) | 8,764 |
| Increase in accrued liabilities | 49,667 | 16,869 | 174 | 15,733 |
| Increase in net OPEB liability | 24,558 | 29,023 | 6,698 | 10,046 |
| Total Adjustments | <u>2,450,863</u> | <u>1,781,049</u> | <u>323,148</u> | <u>1,092,519</u> |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>\$ 3,894,824</u> | <u>\$ 2,400,175</u> | <u>\$ 1,047,647</u> | <u>\$ 860,615</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Contribution of capital assets from outside sources | <u>\$ 301,805</u> | <u>\$ 419,700</u> | <u>\$ 285,366</u> | <u>\$ -</u> |
| Contributions of capital assets to Governmental Activities | <u>\$ 393,464</u> | <u>\$ 160,346</u> | <u>\$ 46,223</u> | <u>\$ -</u> |
| Contributions of capital assets from Governmental Activities | <u>\$ -</u> | <u>\$ 2,562</u> | <u>\$ -</u> | <u>\$ -</u> |
| See notes to financial statements. | | | | |

EXHIBIT 7
(Continued)

| Enterprise Funds | | Governmental Activities- Internal Service Funds |
|------------------------------|---------------------|--|
| Other Enterprise Funds | Total | |
| \$ (3,277,437) | \$ 721,755 | \$ (1,033,955) |
| 682,919 | 4,463,952 | 10,738 |
| (80,288) | 1,075,340 | (80,592) |
| | 125,002 | (23,154) |
| 648,057 | 1,081,205 | 133,382 |
| 55,443 | 137,886 | (214) |
| 29,023 | 99,348 | - |
| <u>1,335,154</u> | <u>6,982,733</u> | <u>40,160</u> |
| \$ <u>(1,942,283)</u> | \$ <u>6,260,978</u> | \$ <u>(993,795)</u> |
| \$ <u>-</u> | \$ <u>1,006,871</u> | \$ <u>-</u> |
| \$ <u>-</u> | \$ <u>600,033</u> | \$ <u>-</u> |
| \$ <u>-</u> | \$ <u>2,562</u> | \$ <u>-</u> |

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

EXHIBIT 8

| | <u>Agency Funds</u> |
|----------------------------------|--------------------------|
| ASSETS | |
| Cash and pooled cash investments | \$ 840,395 |
| Accounts receivable | 52,053 |
| Accrued interest | <u>950</u> |
| Total Assets | <u><u>\$ 893,398</u></u> |
| LIABILITIES | |
| Accounts Payable | 178 |
| Due to other agency | <u>\$ 893,220</u> |
| Total Liabilities | <u><u>\$ 893,398</u></u> |

See notes to financial statements.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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. Extraordinary Item
11. Other Postemployment Benefits (OPEB)
12. Employee Retirement Systems
13. Landfill Closure and Post Closure Care
14. Leases Where City is Lessor
15. Subsequent Events
16. Prospective Accounting Pronouncements
17. Prior Period Adjustment - Dubuque Initiatives

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, \$621,504 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.

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 Economic Development Office for Dubuque Initiatives and Subsidiaries.

City of Dubuque
50 West 13th Street
Dubuque, Iowa 52001

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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). 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Fiduciary funds account for assets held by the City in a trustee or agency capacity for the benefit of others and 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Current year delinquent property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2013, and 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 the straight-line method over the following estimated useful lives:

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

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, 2013

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, bond issuance costs, 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 and deferred amount on refunding's.

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.

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.

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 \$19,874,843 for the governmental activities and \$7,494,908 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, 2013 consists of \$125,576 for debt service and \$31,984 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, or approximately \$4,363,273 for fiscal year 2013. 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. 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.

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, 2013

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit net position amounts as of June 30, 2013:

| | |
|-------------------------------|------------|
| Internal Service | |
| General Service | \$ 26,395 |
| Workers' Compensation Reserve | \$ 871,673 |

The General 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 \$800 for the Dubuque Metropolitan Area Solid Waste Agency.

Deposits. At year-end, the City's carrying amount of deposits was \$42,171,018, and the bank balance was \$44,658,501. The City's deposits in banks at June 30, 2013, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was \$6,912,998, and the bank balance was \$7,051,727. The Agency's deposits in banks at June 30, 2013, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

Investments. As of June 30, 2013, 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 | \$ 1,099,522 | \$ 1,222,483 | \$ 244,199 | \$ - | \$ 2,566,204 |
| U.S. Treasury Securities | 387,520 | 8,962,655 | - | 2,503,157 | 11,853,332 |
| Federal Agency Obligations | 1,762,940 | 7,416,581 | 2,426,174 | 4,001,521 | 15,607,216 |
| Corporate Stock | 90,494 | - | - | - | 90,494 |
| | <u>\$ 3,340,476</u> | <u>\$ 17,601,719</u> | <u>\$ 2,670,373</u> | <u>\$ 6,504,678</u> | <u>\$ 30,117,246</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 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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, 2013.

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 | 42,171,018 |
| Carrying amount of investments | 30,117,246 |
| Total | <u>\$ 72,302,485</u> |
| Government-wide | |
| Cash and pooled cash investments | \$ 57,036,153 |
| Cash and pooled cash investments - temporarily restricted | 14,356,525 |
| Cash and pooled cash investments - permanently restricted | 69,412 |
| Fiduciary | |
| Cash and pooled cash investments | 840,395 |
| Total | <u>\$ 72,302,485</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 | \$ 800 |
| Carrying amount of deposits | 6,912,998 |
| Total | <u>\$ 6,913,798</u> |
| Cash and pooled cash investments | \$ 2,331,582 |
| Cash and pooled cash investments - temporarily restricted | 4,582,216 |
| Total | <u>\$ 6,913,798</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, 2012) follows:

| | |
|---|---------------------|
| Deposits | \$ 940,798 |
| Repurchase agreement | 1,372,285 |
| Beneficial interest in assets held by others | 983,898 |
| Total | <u>\$ 3,296,981</u> |
| Cash and pooled cash investments | \$ 2,051,076 |
| Cash and pooled cash investments-restricted | 262,007 |
| Cash and pooled cash investments-temporarily restricted | 983,898 |
| Total | <u>\$ 3,296,981</u> |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – NOTES RECEIVABLE

At December 30, 2012, Dubuque Initiatives and Subsidiaries had the following notes receivable:

| | |
|---|----------------------|
| Lower Main Development, 4.00%, unsecured, matures August 2018 | \$ 86,906 |
| City of Dubuque, 5.00%, unsecured, matures July 2023 | 309,303 |
| Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039 | 5,366,873 |
| Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039 | <u>5,294,384</u> |
| Total notes receivable | 11,057,466 |
| Less: current maturities | <u>(36,322)</u> |
| Noncurrent portion | <u>\$ 11,021,144</u> |

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2013, include amounts due to/from other funds and advances due to/from other funds. Interfund balances are as follows:

| | Due From Other Funds | Due To Other Funds |
|---------------------------|-------------------------|-----------------------|
| Governmental activities: | | |
| General Fund | \$ 1,570,621 | \$ - |
| Nonmajor | - | 279 |
| Internal Service | - | 42,505 |
| Business-type activities: | | |
| Stormwater Utility | - | 1,501,332 |
| Nonmajor | - | 26,505 |
| | <u>\$ 1,570,621</u> | <u>\$ 1,570,621</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, 2013

NOTE 5 – INTERFUND BALANCES AND TRANSFERS (continued)

Interfund transfers for the year ended June 30, 2013, consisted of the following:

| Transfer to | Transfers From | | | | | | | | Total |
|-------------------------|---------------------|-------------------------------|-------------------------|--------------------------|------------------------------|------------------|------------------------|-----------------------------|----------------------|
| | General | Tax Increment Financing | General Construction | Nonmajor Governmental | Sanitary Sewer Utility | Parking Ramps | Nonmajor Enterprise | Internal Service Fund | |
| General | \$ - | \$ 622,698 | \$ 243,000 | \$ 4,609,977 | \$ - | \$ - | \$ - | \$ 4,134 | \$ 5,479,809 |
| Tax Increment Financing | - | - | 500,000 | - | - | - | - | - | 500,000 |
| General construction | - | - | - | 157,817 | - | - | - | - | 157,817 |
| Nonmajor governmental | 1,609,163 | 5,502,490 | - | 1,671,756 | - | - | 374,595 | - | 9,158,004 |
| Sewage disposal works | - | - | - | 180,120 | - | - | - | - | 180,120 |
| Water utility | - | - | - | 17,775 | 20,152 | 35,032 | - | - | 72,959 |
| Stormwater utility | 274,189 | - | - | 1,552 | - | - | - | - | 275,741 |
| Parking facilities | - | 197,623 | - | - | - | - | - | - | 197,623 |
| Nonmajor enterprise | 1,336,746 | - | 56,299 | - | - | - | - | - | 1,393,045 |
| | <u>\$ 3,220,098</u> | <u>\$ 6,322,811</u> | <u>\$ 799,299</u> | <u>\$ 6,638,997</u> | <u>\$ 20,152</u> | <u>\$ 35,032</u> | <u>\$ 374,595</u> | <u>\$ 4,134</u> | <u>\$ 17,415,118</u> |

Transfer of capital assets to governmental activities
Transfer of capital assets to business-type activities
Total

600,033
2,562
\$ 18,017,713

In the fund financial statements, total transfers out of \$18,017,713 are greater than total transfers in of \$17,415,118 because of the treatment of transfers of capital assets to the governmental activities capital assets. During the year, capital assets related to Sewer, Water and Stormwater with a book value of \$393,464, \$160,346, and \$46,233, respectively, were transferred to governmental activities capital assets. Net capital assets of \$2,562 were transferred from governmental activities capital assets to water. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources. However, the Sewage Disposal Works, Water, and Stormwater major enterprise funds did report transfers out for the capital resources given.

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, 2013

NOTE 6 – CAPITAL ASSETS

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

Primary Government:

Governmental activities:

| | Beginning Balance | Transfers In | Transfers Out | Increases | Decreases | Ending Balance |
|---|-----------------------|-------------------|-------------------|----------------------|------------------------|-----------------------|
| Capital assets, not being depreciated: | | | | | | |
| Land | \$ 64,719,688 | \$ - | \$ - | \$ 1,985,350 | \$ (1,508,720) | \$ 65,196,318 |
| Construction in progress | 29,378,594 | - | - | 14,380,739 | (9,960,599) | 33,798,734 |
| Total Capital assets, not being depreciated | <u>94,098,282</u> | <u>-</u> | <u>-</u> | <u>16,366,089</u> | <u>(11,469,319)</u> | <u>98,995,052</u> |
| Capital assets, being depreciated: | | | | | | |
| Buildings | 125,968,862 | - | - | 204,516 | - | 126,173,378 |
| Improvements other than buildings | 16,685,857 | - | - | 5,414,522 | - | 22,100,379 |
| Machinery and equipment | 37,141,418 | 14,300 | (15,368) | 2,033,412 | (994,488) | 38,179,274 |
| Infrastructure | 210,567,846 | 585,733 | - | 2,066,004 | - | 213,219,583 |
| Total capital assets, being depreciated | <u>390,363,983</u> | <u>600,033</u> | <u>(15,368)</u> | <u>9,718,454</u> | <u>(994,488)</u> | <u>399,672,614</u> |
| Less accumulated depreciation for: | | | | | | |
| Buildings | (29,906,409) | - | - | (2,190,650) | - | (32,097,059) |
| Improvements other than buildings | (7,092,726) | - | - | (557,699) | - | (7,650,425) |
| Machinery and equipment | (16,952,522) | - | 12,806 | (2,701,301) | 964,254 | (18,676,763) |
| Infrastructure | (56,859,014) | - | - | (3,557,069) | - | (60,416,083) |
| Total accumulated depreciation | <u>(110,810,671)</u> | <u>-</u> | <u>12,806</u> | <u>(9,006,719)</u> | <u>964,254</u> | <u>(118,840,330)</u> |
| Total capital assets, being depreciated, net | <u>279,553,312</u> | <u>600,033</u> | <u>(2,562)</u> | <u>711,735</u> | <u>(30,234)</u> | <u>280,832,284</u> |
| Governmental activities capital assets, net | <u>\$ 373,651,594</u> | <u>\$ 600,033</u> | <u>\$ (2,562)</u> | <u>\$ 17,077,824</u> | <u>\$ (11,499,553)</u> | <u>\$ 379,827,336</u> |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – CAPITAL ASSETS (continued)

Business-type activities:

| | Beginning Balance | Transfers In | Transfers Out | Increases | Decreases | Ending Balance |
|---|----------------------|-----------------|------------------|---------------|-----------------|-------------------|
| Capital assets, not being depreciated: | | | | | | |
| Land | \$ 17,226,067 | \$ - | \$ - | \$ 502,285 | \$ - | \$ 17,728,352 |
| Construction in progress | 63,139,045 | - | (585,733) | 21,209,681 | (81,512,745) | 2,250,248 |
| Total Capital assets, not being depreciated | 80,365,112 | - | (585,733) | 21,711,966 | (81,512,745) | 19,978,600 |
| Capital assets, being depreciated: | | | | | | |
| Buildings | 94,924,124 | - | - | 38,885,916 | - | 133,810,040 |
| Improvements other than buildings | 72,619,054 | - | - | 18,910,739 | - | 91,529,793 |
| Machinery and equipment | 68,654,938 | 15,368 | (14,300) | 24,357,361 | (2,994,394) | 90,018,973 |
| Total capital assets, being depreciated | 236,198,116 | 15,368 | (14,300) | 82,154,016 | (2,994,394) | 315,358,806 |
| Less accumulated depreciation for: | | | | | | |
| Buildings | (42,722,425) | - | - | (1,217,237) | - | (43,939,662) |
| Improvements other than buildings | (21,773,728) | - | - | (1,292,625) | - | (23,066,353) |
| Machinery and equipment | (24,396,795) | (12,806) | - | (1,954,090) | 2,991,832 | (23,371,859) |
| Total accumulated depreciation | (88,892,948) | (12,806) | - | (4,463,952) | 2,991,832 | (90,377,874) |
| Total capital assets, being depreciated, net | 147,305,168 | 2,562 | (14,300) | 77,690,064 | (2,562) | 224,980,932 |
| Business-type activities capital assets, net | \$ 227,670,280 | \$ 2,562 | \$ (600,033) | \$ 99,402,030 | \$ (81,515,307) | \$ 244,959,532 |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – CAPITAL ASSETS (continued)

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

Governmental activities:

| | | |
|--|----|------------------|
| Public safety | \$ | 713,656 |
| Public works | | 5,276,792 |
| Health and social services | | 6,685 |
| Culture and recreation | | 2,088,178 |
| Community and economic development | | 54,944 |
| General government | | 855,726 |
| Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets | | 10,738 |
| Total depreciation expense - governmental activities | \$ | <u>9,006,719</u> |

Business-type activities:

| | | |
|---|----|------------------|
| Sewage disposal works | \$ | 1,367,579 |
| Water utility | | 912,924 |
| Stormwater utility | | 449,091 |
| Parking facilities | | 1,051,439 |
| Refuse collection | | 171,141 |
| Salt | | 4,762 |
| Transit system | | 507,016 |
| Total depreciation expense - business-type activities | \$ | <u>4,463,952</u> |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – CAPITAL ASSETS (continued)

Component Unit:

| | Beginning Balance | Transfers In | Transfers Out | Increases | Decreases | Ending Balance |
|--|----------------------|-----------------|------------------|---------------------|-----------------------|---------------------|
| Capital assets, not being depreciated: | | | | | | |
| Land | \$ 2,776,217 | \$ - | \$ - | \$ - | \$ - | \$ 2,776,217 |
| Construction in progress | 299,300 | - | - | 3,049,103 | (3,348,403) | - |
| Total Capital assets, not being depreciated | <u>3,075,517</u> | <u>-</u> | <u>-</u> | <u>3,049,103</u> | <u>(3,348,403)</u> | <u>2,776,217</u> |
| Capital assets, being depreciated: | | | | | | |
| Buildings | 65,922 | - | - | - | - | 65,922 |
| Improvements other than buildings | 6,364,906 | - | - | 3,575,981 | - | 9,940,887 |
| Machinery and equipment | <u>3,909,302</u> | <u>-</u> | <u>-</u> | <u>123,904</u> | <u>(469,723)</u> | <u>3,563,483</u> |
| Total capital assets, being depreciated | <u>10,340,130</u> | <u>-</u> | <u>-</u> | <u>3,699,885</u> | <u>(469,723)</u> | <u>13,570,292</u> |
| Less accumulated depreciation for: | | | | | | |
| Buildings | (48,663) | - | - | (719) | - | (49,382) |
| Improvements other than buildings | (5,847,235) | - | - | (246,712) | - | (6,093,947) |
| Machinery and equipment | <u>(2,089,920)</u> | <u>-</u> | <u>-</u> | <u>(363,823)</u> | <u>469,723</u> | <u>(1,984,020)</u> |
| Total accumulated depreciation | <u>(7,985,818)</u> | <u>-</u> | <u>-</u> | <u>(611,254)</u> | <u>469,723</u> | <u>(8,127,349)</u> |
| Total capital assets, being depreciated, net | <u>2,354,312</u> | <u>-</u> | <u>-</u> | <u>3,088,631</u> | <u>-</u> | <u>5,442,943</u> |
| Dubuque Metropolitan Area Solid Waste, capital assets | <u>\$ 5,429,829</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,137,734</u> | <u>\$ (3,348,403)</u> | <u>\$ 8,219,160</u> |

Depreciation expense of \$611,254 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 \$88,000,000. During Fiscal Year 2013, the City issued \$7,285,000 to advance refund four outstanding issuances. The City advance refunded the 2005 series C, 2006 series B and C, and 2007 series B to reduce debt service payments over 9 years by \$475,640 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$337,953. During Fiscal Year 2013, the City issued \$8,010,000 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, 2013, 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 | \$ 1,230,000 |
| Corporate purpose Series 2005 | 04/18/2005 | 06/01/06-06/01/24 | 3.40-5.00 | | 9,015,000 | 4,500,000 |
| Corporate purpose Series 2006A | 04/03/2006 | 06/01/07-06/01/25 | 3.80-4.20 | | 2,900,000 | 2,105,000 |
| Corporate purpose Series 2007A | 12/01/2007 | 06/01/09-06/01/17 | 3.45-3.65 | | 1,055,000 | 510,000 |
| Corporate purpose Series 2008A | 11/04/2008 | 06/01/09-06/01/28 | 3.75-4.80 | | 3,885,000 | 3,200,000 |
| Corporate purpose Series 2008B | 11/04/2008 | 06/01/09-06/01/23 | 3.75-4.25 | | 3,290,000 | 2,420,000 |
| Corporate purpose (taxable) Series 2008C | 11/04/2008 | 06/01/09-06/01/18 | 5.25-5.50 | | 2,465,000 | 1,895,000 |
| Corporate purpose (taxable) Series 2009A | 11/10/2009 | 06/01/11-06/01/29 | 1.90-5.60 | | 2,935,000 | 2,560,000 |
| Corporate purpose (taxable) Series 2009B | 11/10/2009 | 06/01/11-06/01/29 | 1.50-5.50 | | 11,175,000 | 9,805,000 |
| Refunding Series 2009C | 11/10/2009 | 06/01/10-06/01/21 | 2.00-4.00 | | 8,885,000 | 6,185,000 |
| Corporate purpose and refunding Series 2010A | 08/30/2010 | 06/01/11-06/01/30 | 2.00-3.00 | | 4,470,000 | 3,995,000 |
| Corporate purpose Series 2010B | 08/30/2010 | 06/01/12-06/01/30 | 1.00-4.15 | | 2,675,000 | 2,495,000 |
| Corporate purpose Series 2010C | 08/30/2010 | 06/01/12-06/01/30 | 2.00-3.00 | | 2,825,000 | 2,595,000 |
| Corporate purpose Series 2011A | 09/01/2011 | 06/01/12-06/01/31 | 2.00-4.00 | | 6,330,000 | 6,070,000 |
| Corporate purpose (taxable) Series 2011B | 09/01/2011 | 06/01/13-06/01/26 | 2.25-4.35 | | 1,590,000 | 1,490,000 |
| Corporate purpose Series 2012A | 03/15/2012 | 06/01/14-06/01/31 | 2.00-3.00 | | 4,380,000 | 4,380,000 |
| Corporate purpose and refund Series 2012B | 03/15/2012 | 06/01/13-06/01/31 | 2.00-3.13 | | 7,495,000 | 7,420,000 |
| Corporate purpose (taxable) Series 2012C | 06/28/2012 | 06/01/14-06/01/32 | 2.00-3.90 | | 6,965,000 | 6,965,000 |
| Corporate purpose Series 2012D | 06/28/2012 | 06/01/14-06/01/32 | 2.00-3.46 | | 7,175,000 | 7,175,000 |
| Corporate purpose Series 2012E | 12/12/2012 | 06/01/14-06/01/32 | 2.00-3.00 | | 3,640,000 | 3,640,000 |
| Corporate purpose (taxable) Series 2012F | 12/10/2012 | 06/01/14-06/01/22 | 1.00-2.20 | | 1,035,000 | 1,035,000 |
| Corporate purpose and refund Series 2012G | 11/28/2012 | 06/01/14-06/01/17 | 1.00-1.25 | | 950,000 | 765,000 |
| Corporate purpose Series 2012H | 12/10/2012 | 06/01/15-06/01/32 | 2.00-3.00 | | 2,385,000 | 2,385,000 |
| Corporate purpose (taxable) and refund Series 2012I | 12/04/2013 | 06/01/13-06/01/21 | 0.30-2.20 | | 7,285,000 | 6,285,000 |
| | | | | | <u>\$ 106,915,000</u> | <u>\$ 91,105,000</u> |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM DEBT (continued)

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

| Fiscal Year June 30 | Governmental Activities | | Business-type Activities | |
|------------------------|-------------------------|----------------------|--------------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2014 | \$ 3,939,938 | \$ 1,743,996 | \$ 2,185,062 | \$ 1,262,022 |
| 2015 | 4,329,469 | 1,645,038 | 2,240,531 | 1,207,286 |
| 2016 | 4,395,968 | 1,535,602 | 2,294,032 | 1,149,870 |
| 2017 | 4,566,928 | 1,414,114 | 2,363,072 | 1,084,171 |
| 2018 | 4,717,280 | 1,274,461 | 2,082,720 | 1,013,154 |
| 2019-2023 | 17,170,155 | 4,391,207 | 10,369,956 | 3,977,825 |
| 2024-2028 | 10,541,352 | 2,240,679 | 9,643,648 | 1,995,354 |
| 2029-2032 | 6,460,932 | 475,264 | 3,803,957 | 288,952 |
| Total | <u>\$ 56,122,022</u> | <u>\$ 14,720,361</u> | <u>\$ 34,982,978</u> | <u>\$ 11,978,634</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, 2013, are as follows:

| Purpose | Date of Issue | Maturity Dates | Interest Rates | Amount Originally Issued | Amount Outstanding End of Year | Current Portion |
|-------------------------|------------------|-------------------|-------------------|--------------------------------|--------------------------------------|--------------------|
| Vessel Systems | 12/31/03 | 12/30/05-06/30/15 | 8.0 % | \$ 140,000 | \$ 37,335 | \$ 17,973 |
| Diamond Jo Parking Ramp | 10/16/07 | 06/01/11-06/01/37 | 7.5 | 23,025,000 | 22,105,000 | 355,000 |
| | | | | <u>\$ 23,165,000</u> | <u>\$ 22,142,335</u> | <u>\$ 372,973</u> |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM DEBT (continued)

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

| Fiscal Year June 30 | Governmental Activities | |
|------------------------|-------------------------|----------------------|
| | Principal | Interest |
| 2014 | \$ 372,973 | \$ 1,660,510 |
| 2015 | 399,364 | 1,632,418 |
| 2016 | 410,000 | 1,602,750 |
| 2017 | 440,000 | 1,572,000 |
| 2018 | 475,000 | 1,539,000 |
| 2019-2023 | 2,965,000 | 7,106,000 |
| 2024-2028 | 4,245,000 | 5,834,375 |
| 2029-2033 | 6,100,000 | 3,963,750 |
| 2034-2037 | 6,734,998 | 1,308,375 |
| Total | <u>\$ 22,142,335</u> | <u>\$ 26,219,177</u> |

Revenue Bonds. The City also issues bonds where the City pledges income derived from the acquired or constructed assets 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. Revenue bonds outstanding at June 30, 2013, are as follows:

| Purpose | Date of Issue | Maturity Dates | Interest Rates | Amount Originally Issued | Amount Outstanding End of Year |
|----------------------------|------------------|-------------------|-------------------|--------------------------------|--------------------------------------|
| Water Utility Series 2008D | 11/04/08 | 06/01/10-06/01/23 | 3.00-5.00 % | \$ 1,195,000 | \$ 910,000 |
| Water Utility Series 2010D | 09/21/10 | 06/01/12-06/01/30 | 2.00-4.00 | 5,700,000 | 5,330,000 |
| | | | | <u>\$ 6,895,000</u> | <u>\$ 6,240,000</u> |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM DEBT (continued)

Revenue bond debt service requirements to maturity are as follows:

| Fiscal Year June 30 | Business-type Activities | |
|------------------------|--------------------------|---------------------|
| | Principal | Interest |
| 2014 | \$ 270,000 | \$ 224,945 |
| 2015 | 275,000 | 218,045 |
| 2016 | 285,000 | 210,825 |
| 2017 | 295,000 | 202,260 |
| 2018 | 305,000 | 193,228 |
| 2019-2023 | 1,710,000 | 796,915 |
| 2024-2028 | 2,115,000 | 451,800 |
| 2029-2030 | 985,000 | 59,600 |
| Total | <u>\$ 6,240,000</u> | <u>\$ 2,357,618</u> |

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, 2013, are as follows:

| Purpose | Date of Issue | Maturity Dates | Interest Rates | Amount Originally Issued | Amount Outstanding End of Year | Current Portion |
|------------------------|------------------|-------------------|-------------------|--------------------------------|--------------------------------------|--------------------|
| Adams Company | 02/13/04 | 06/01/05-06/01/15 | 4.07 % | \$ 500,000 | \$ 90,909 | \$ 45,455 |
| Lower Main Development | 06/30/04 | 12/31/06-06/30/16 | 8.00 | 182,000 | 69,788 | 21,536 |
| Theisen Supply | 11/22/06 | 12/31/08-06/30/18 | 8.25 | 810,323 | 489,495 | 81,245 |
| 40 Main LLC | 08/06/09 | 06/01/11-06/01/37 | 6.50 | 690,529 | 585,711 | 57,632 |
| | | | | <u>\$ 2,182,852</u> | <u>\$ 1,235,903</u> | <u>\$ 205,867</u> |

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

| Fiscal Year June 30 | Governmental Activities | |
|------------------------|-------------------------|-------------------|
| | Principal | Interest |
| 2014 | \$ 205,867 | \$ 83,547 |
| 2015 | 218,427 | 70,062 |
| 2016 | 186,189 | 55,690 |
| 2017 | 173,666 | 41,743 |
| 2018 | 195,881 | 28,381 |
| 2019-2021 | 255,872 | 30,346 |
| Total | <u>\$ 1,235,903</u> | <u>\$ 309,768</u> |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 has pledged income derived from the acquired or constructed assets to pay debt service. Annual debt service requirements to maturity for capital loan notes are as follows:

| Purpose | Date Authorized | Final Maturity Date | Interest Rates | Amount Authorized | Amount Outstanding End of Year | Current Portion |
|------------------------------------|--------------------|------------------------|-------------------|----------------------|--------------------------------------|---------------------|
| Upper Bee Branch Sewer | 12/28/06 | 06/01/30 | 3.25 % | \$ 1,657,821 | \$ 617,821 | \$ 25,735 |
| Clean Water | 01/14/09 | 06/01/28 | 3.25 | 1,847,000 | 1,480,000 | 78,000 |
| Drinking Water | 10/18/07 | 06/01/28 | 3.25 | 1,037,000 | 734,000 | 39,000 |
| North Catfish Creek Stormwater | 01/13/10 | 06/01/30 | 3.25 | 998,000 | 710,000 | 32,000 |
| North Catfish Creek Sewer | 01/13/10 | 06/01/30 | 3.25 | 1,141,000 | 810,000 | 36,000 |
| Water Meter Replacement Stormwater | 02/12/10 | 06/01/30 | 3.25 | 4,338,000 | 2,939,000 | 122,500 |
| Water Meter Replacement Sewer | 02/12/10 | 06/01/30 | 3.25 | 4,338,000 | 2,939,000 | 122,500 |
| Upper Bee Branch Sewer | 10/27/10 | 06/01/41 | 3.25 | 7,850,000 | 5,828,929 | 130,253 |
| Water Pollution Control Plant | 08/18/10 | 06/01/39 | 3.25 | 74,285,000 | 59,355,421 | 1,757,672 |
| | | | | <u>\$ 97,491,821</u> | <u>\$ 75,414,171</u> | <u>\$ 2,343,660</u> |

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

| Fiscal Year June 30 | Business-type Activities | |
|------------------------|--------------------------|----------------------|
| | Principal | Interest |
| 2014 | \$ 2,343,660 | \$ 1,697,136 |
| 2015 | 2,399,100 | 1,642,721 |
| 2016 | 2,454,417 | 1,586,941 |
| 2017 | 2,511,632 | 1,529,809 |
| 2018 | 2,569,765 | 1,471,271 |
| 2019-2023 | 13,782,401 | 6,426,534 |
| 2024-2028 | 15,474,848 | 4,760,954 |
| 2029-2033 | 15,043,385 | 2,903,826 |
| 2034-2038 | 14,946,406 | 1,317,589 |
| 2039-2041 | 3,888,557 | 95,529 |
| Total | <u>\$ 75,414,171</u> | <u>\$ 23,432,309</u> |

At June 30, 2013, the City of Dubuque had \$17,997,578 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 majority of the remaining available funds in fiscal year 2014.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM DEBT (continued)

Loans Payable. Loans payable have been issued to fund several City projects.

| 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 | \$ 309,304 | \$ 23,041 |
| Building Purchase Agreement | 02/01/10 | 02/01/10-02/01/16 | 0.0 | 330,000 | 188,571 | 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 | 950,000 | 50,000 |
| | | | | <u>\$ 6,230,000</u> | <u>\$ 5,947,875</u> | <u>\$ 120,184</u> |

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

| Fiscal Year June 30 | Governmental Activities | | Business-type Activities | |
|------------------------|-------------------------|---------------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2014 | \$ 97,143 | \$ 135,000 | \$ 23,041 | \$ 15,181 |
| 2015 | 97,143 | 135,000 | 24,208 | 14,014 |
| 2016 | 97,143 | 135,000 | 25,433 | 12,790 |
| 2017 | 97,142 | 135,000 | 26,721 | 11,501 |
| 2018 | 50,000 | 135,000 | 28,074 | 10,148 |
| 2019-2023 | 857,237 | 648,218 | 163,182 | 27,929 |
| 2024-2028 | 1,234,977 | 520,343 | 18,645 | 466 |
| 2029-2032 | 3,107,786 | 164,758 | - | - |
| Total | <u>\$ 5,638,571</u> | <u>\$ 2,008,319</u> | <u>\$ 309,304</u> | <u>\$ 92,029</u> |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM DEBT (continued)

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2013, was as follows:

| | Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|---------------------------------------|---------------------------------|----------------------|------------------------|------------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 52,751,472 | \$ 10,526,416 | \$ (7,155,866) | \$ 56,122,022 | \$ 3,939,938 |
| Unaccreted premium | 597,126 | - | (40,789) | 556,337 | - |
| Unamortized discounts | (217,501) | - | 56,307 | (161,194) | - |
| Deferred amount on refunding | (43,286) | - | 43,286 | - | - |
| Total general obligation bonds | 53,087,811 | 10,526,416 | (7,097,062) | 56,517,165 | 3,939,938 |
| Tax increment financing bonds | 22,488,953 | - | (346,618) | 22,142,335 | 372,973 |
| Unamortized discounts | (230,670) | - | 8,872 | (221,798) | - |
| Total tax increment financing bonds | 22,258,283 | - | (337,746) | 21,920,537 | 372,973 |
| Notes payable | 1,767,664 | - | (531,761) | 1,235,903 | 205,867 |
| Loans payable | 4,735,714 | 1,000,000 | (97,143) | 5,638,571 | 97,143 |
| Compensated absences | 5,366,044 | 3,360,411 | (2,502,627) | 6,223,828 | 291,711 |
| Net OPEB liability | 2,231,818 | 494,506 | - | 2,726,324 | - |
| Total governmental activities | \$ 89,447,334 | \$ 15,381,333 | \$ (10,566,339) | \$ 94,262,328 | \$ 4,907,632 |
| Business-type activities: | | | | | |
| General obligation bonds | \$ 35,248,528 | \$ 4,768,584 | \$ (5,034,134) | \$ 34,982,978 | \$ 2,185,062 |
| Unaccreted premium | 110,960 | - | (5,557) | 105,403 | - |
| Unamortized discounts | (180,128) | - | 12,879 | (167,249) | - |
| Deferred amount on refunding | (71,357) | - | 71,357 | - | - |
| Total general obligation bonds | 35,108,003 | 4,768,584 | (4,955,455) | 34,921,132 | 2,185,062 |
| Revenue bonds | 6,500,000 | - | (260,000) | 6,240,000 | 270,000 |
| Unaccreted premium | 30,509 | - | (1,606) | 28,903 | - |
| Unamortized discounts | (9,321) | - | 717 | (8,604) | - |
| Total revenue bonds | 6,521,188 | - | (260,889) | 6,260,299 | 270,000 |
| Capital loan notes | 61,957,749 | 14,036,422 | (580,000) | 75,414,171 | 2,343,660 |
| Loans payable | 331,235 | - | (21,931) | 309,304 | 23,041 |
| Compensated absences | 939,840 | 646,840 | (511,044) | 1,075,636 | 42,428 |
| Net OPEB liability | 478,592 | 99,348 | - | 577,940 | - |
| Total business-type activities | \$ 105,336,607 | \$ 19,551,194 | \$ (6,329,319) | \$ 118,558,482 | \$ 4,864,191 |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM DEBT (continued)

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.

Dubuque Initiatives and Subsidiaries. At December 31, 2012, 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.* | 4,243,038 |
| 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 |
| | 29,237,422 |
| Less: Current maturities | (647,242) |
| Noncurrent liability | \$ 28,590,180 |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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:

| | | |
|------------|----|-------------------|
| 2013 | \$ | 647,242 |
| 2014 | | 686,692 |
| 2015 | | 728,547 |
| 2016 | | 772,491 |
| 2017 | | 820,038 |
| Thereafter | | <u>25,582,812</u> |
| | \$ | <u>29,237,422</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, 2013

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 \$110,000, and an aggregate stop-loss of \$9,534,066 for 2013. 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 \$500,000, and an aggregate-stop loss consistent with statutory limits for 2013. 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 \$600,000 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 \$551,428 in the Health Insurance Reserve Fund and \$1,081,084 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, 2013 and 2012, are summarized as follows:

| | Health Insurance Reserve Fund | Workers' Compensation Reserve Fund |
|---|-------------------------------------|--|
| Liabilities at June 30, 2011 | \$ 262,969 | \$ 987,017 |
| Claims and changes in estimates during fiscal year 2012 | 7,747,206 | 1,092,653 |
| Claim payments | (7,623,275) | (942,502) |
| Liabilities at June 30, 2012 | 386,900 | 1,137,168 |
| Claims and changes in estimates during fiscal year 2013 | 8,675,722 | 592,684 |
| Claim payments | (8,511,194) | (648,768) |
| Liabilities at June 30, 2013 | <u>\$ 551,428</u> | <u>\$ 1,081,084</u> |

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 678 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, 2013, were \$508,529.

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, 2013, 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, 2013

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, 2013.

Litigation

The City's corporate counsel reported that as of June 30, 2013, various claims and lawsuits were on file against the City. The corporation counsel estimated that all potential settlements 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.

Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2013. The City has additional commitments for signed construction contracts of \$23,971,202 as of June 30, 2013. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES (continued)

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 received \$660,000 and \$10,000,000 of State of Iowa Certified Historic Rehabilitation Tax Credits for the years ended December 31, 2012 and 2011, respectively.

Commitments

On July 1, 2013, the Dubuque Metropolitan Area Solid Waste Agency (DMASWA) acquired 10.1 acres of adjoining farmland that will be utilized for future landfill expansion. The cost of the property was \$176,449.

NOTE 10 – EXTRAORDINARY ITEM

In 2013, the Sewer Disposal Works Fund incurred \$555,031 of expenses related to mercury spill. Prior expenses reported for this spill include \$243,722 in FY '12 and \$2,253,036 in FY '11. The mercury spill is reported as an extraordinary item since the event was both unusual in nature and infrequent in occurrence.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – 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.

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 537 active and 28 retired members in the plan.

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, 2013, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

| | |
|--|---------------------|
| Annual required contribution | \$ 574,674 |
| Interest on net OPEB obligation | 137,948 |
| Adjustment to annual required contribution | (130,750) |
| Annual OPEB cost | 581,872 |
| Contributions made, net of retiree contributions | 23,145 |
| Increase in net OPEB obligation | 605,017 |
| Net OPEB obligation, beginning of year | 2,758,965 |
| Net OPEB obligation, end of year | <u>\$ 3,363,982</u> |

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

For the year ended June 30, 2013, the City paid \$395,803 for retiree claims. Plan members eligible for benefits contributed \$418,948 or 100% of the premium costs. The net resulted in employee premium contributions in excess of claims by \$23,145.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

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, 2013 are summarized as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------------|---------------------|--|---------------------------|
| June 30, 2013 | \$ 581,872 | (3.98) % | \$ 3,363,982 |
| June 30, 2012 | 584,004 | 34.45 % | 2,758,966 |
| June 30, 2011 | 581,536 | 25.60 % | 2,376,162 |

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$5,720,577, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,720,577. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$31,830,608 and the ratio of the UAAL to covered payroll was 18%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include 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, 2012 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 8%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate trend rate. The underlying inflation rate is 3%.

Mortality rates are from the RP2000 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 \$10,380 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
JUNE 30, 2013

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

MFPRSI

The City contributes to the Municipal Fire and Police Retirement System of Iowa (Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability, and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa, 50266.

For FY '13, plan members are required to contribute 9.40% of earnable compensation and the City is required to contribute 26.12% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2013, 2012, and 2011, were \$3,309,975, \$3,177,159 and \$2,404,474, respectively, which met the required minimum contribution for each year.

IPERS

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

For FY '13, plan members are required to contribute 5.78% of their annual covered salary, and the City is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011, were \$2,078,735, \$1,964,764 and \$1,614,811, respectively, equal to the required contributions for each year.

NOTE 13 – 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 \$3,834,636 reported as landfill closure and post closure care liability at June 30, 2013, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of cells 1, 2, 3, and 4, the use of 99% of the estimated capacity of cells 5, 6, 7, and 8, and the use of 16% of cell 9. The Agency will recognize the remaining estimated cost of closure and post closure care of \$1,281,364 as the remaining capacity is filled.

These amounts are based on what it would cost to perform all closure and post closure care in 2013. The Agency expects to close cells 5, 6, 7, and 8 in 2014. 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 – LANDFILL CLOSURE AND POST CLOSURE CARE

The Agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2013, funds have been restricted for closure and post closure costs in the amount of \$4,251,910.

NOTE 14 – 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, 2013 is \$6,869,047, with \$142,423 of depreciation expense during the year ended June 30, 2013. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2013, the DRA lease generated \$5,942,125 in lease revenue.

NOTE 15 – SUBSEQUENT EVENTS

There are no subsequent events to report.

NOTE 16 – 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. 65, Items Previously Reported as Assets and Liabilities, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 16 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS (continued)

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

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

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

NOTE 17 – PRIOR PERIOD ADJUSTMENT

During 2012, an error was discovered in Dubuque Initiatives, Inc. pertaining to restricted cash and tax credit proceeds. The restricted cash held in the US Bank Reserve account was also included as an asset of Roshek Building Investment Fund, LLC. As a result of conversations with US Bank, the cash should remain an asset of Roshek Building Investment Fund, LLC. Dubuque Initiatives, Inc. will receive the net benefit upon exercising their PUT option in 2016. This resulted in a restatement of the net position of Dubuque Initiatives, Inc. The restatement decreased restricted cash and unrestricted net position as previously reported at December 31, 2011 by \$991,608.

Required Supplementary Information
June 30, 2013
City of Dubuque, Iowa

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, 2013

| | Actual | Budgeted Amounts | | Final to Actual |
|---|----------------------|----------------------|----------------------|----------------------|
| | | Original | Final | Variance |
| RECEIPTS | | | | |
| Property tax | \$ 21,924,102 | \$ 22,007,300 | \$ 22,007,300 | \$ (83,198) |
| Tax increment financing | 9,831,859 | 10,289,639 | 10,289,639 | (457,780) |
| Other City tax | 12,076,380 | 14,922,012 | 14,922,012 | (2,845,632) |
| Licenses and permits | 4,273,831 | 1,339,574 | 1,384,456 | 2,889,375 |
| Use of money and property | 12,243,445 | 12,365,425 | 12,442,198 | (198,753) |
| Intergovernmental | 28,271,752 | 50,224,931 | 92,742,406 | (64,470,654) |
| Charges for fees and service | 26,041,541 | 34,178,789 | 34,211,789 | (8,170,248) |
| Special assessments | 433,100 | 74,273 | 1,843,814 | (1,410,714) |
| Miscellaneous | 9,922,180 | 6,759,820 | 10,725,722 | (803,542) |
| Total Receipts | <u>125,018,190</u> | <u>152,161,763</u> | <u>200,569,336</u> | <u>(75,551,146)</u> |
| EXPENDITURES | | | | |
| Public safety | 25,292,704 | 25,339,063 | 25,935,722 | 643,018 |
| Public works | 11,762,952 | 12,049,060 | 12,447,988 | 685,036 |
| Health and social services | 967,291 | 1,030,919 | 1,175,550 | 208,259 |
| Culture and recreation | 10,352,765 | 10,546,195 | 10,709,118 | 356,353 |
| Community and economic development | 11,408,822 | 12,781,522 | 13,136,558 | 1,727,736 |
| General government | 6,974,291 | 7,317,526 | 7,586,919 | 612,628 |
| Debt service | 6,685,697 | 6,994,075 | 6,994,075 | 308,378 |
| Capital projects | 28,157,402 | 44,312,974 | 106,011,789 | 77,854,387 |
| Business-type activities | 48,995,946 | 94,088,699 | 135,181,206 | 86,185,260 |
| Total Expenditures | <u>150,597,870</u> | <u>214,460,033</u> | <u>319,178,925</u> | <u>168,581,055</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES | <u>(25,579,680)</u> | <u>(62,298,270)</u> | <u>(118,609,589)</u> | <u>93,029,909</u> |
| OTHER FINANCING SOURCES, NET | <u>24,817,813</u> | <u>60,239,239</u> | <u>72,490,241</u> | <u>(47,672,428)</u> |
| EXCESS DEFICIENCY OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>(761,867)</u> | <u>(2,059,031)</u> | <u>(46,119,348)</u> | <u>45,357,481</u> |
| BALANCE, BEGINNING OF YEAR | <u>70,211,104</u> | <u>22,279,858</u> | <u>65,389,863</u> | <u>-</u> |
| BALANCE, ENDING OF YEAR | <u>\$ 69,449,237</u> | <u>\$ 20,220,827</u> | <u>\$ 19,270,515</u> | <u>\$ 45,357,481</u> |

See Notes to Required Supplementary Information.

CITY OF DUBUQUE, IOWA**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013 was amended two times during the year to allow the City to increase function expenditures by \$104,718,892, primarily for the carry-forward of unfinished capital improvement projects and expenditure of additional grants for capital improvements.

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 Modified Accrual Basis | Enterprise Funds Accrual Basis | Total |
|--------------------------------|--------------------|------------------------|--------------------------------------|--|---|----------------|
| Receipts/Revenue | \$ 125,018,190 | \$ (2,873,389) | \$ 122,144,801 | \$ 93,223,751 | \$ 28,921,050 | \$ 122,144,801 |
| Expenditures/Expenses | 150,597,870 | (20,795,887) | 129,801,983 | 99,344,964 | 30,457,019 | 129,801,983 |
| Deficiency of Receipts/Revenue | | | | | | |
| Under Expenditures/Expenses | (25,579,680) | 17,922,498 | (7,657,182) | (6,121,213) | (1,535,969) | (7,657,182) |
| Other Financing Sources | 24,817,813 | (15,893,994) | 8,923,819 | 7,379,741 | 1,544,078 | 8,923,819 |
| Net | (761,867) | 2,028,504 | 1,266,637 | 1,258,528 | 8,109 | 1,266,637 |
| Balance, Beginning | 70,211,104 | 141,936,127 | 212,147,231 | 68,286,099 | 143,861,132 | 212,147,231 |
| Balance, Ending | \$ 69,449,337 | \$ 143,694,631 | \$ 213,413,868 | \$ 69,544,627 | \$ 143,869,241 | \$ 213,413,868 |

CITY OF DUBUQUE, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2013

| Year Ended June 30 | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a/c) |
|--------------------------|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2011 | 07/01/10 | - | 5,481,802 | 5,481,802 | 0.00% | 29,790,517 | 18.40 % |
| 2012 | 07/01/10 | - | 5,481,802 | 5,481,802 | 0.00% | 31,183,497 | 17.60 % |
| 2013 | 07/01/12 | - | 5,720,577 | 5,720,577 | 0.00% | 31,830,608 | 18.00 % |



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.

Employees 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 statement 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, 2013**

| | Special Revenue Funds | | | |
|---|-----------------------|-------------------------|----------------------|-------------------|
| | Road Use Tax | Section VIII Housing | Employee Benefits | Tort Liability |
| ASSETS | | | | |
| Cash and pooled cash investments | \$ 542,799 | \$ 41,766 | \$ - | \$ - |
| Receivables | | | | |
| Property tax | | | | |
| Delinquent | - | - | 37,901 | 2,609 |
| Succeeding year | - | - | 5,060,627 | 353,628 |
| Accounts and other | - | 20,099 | - | - |
| Special assessments | - | - | - | - |
| Accrued interest | - | 607 | - | - |
| Notes | - | 106 | - | - |
| Intergovernmental | 542,264 | 4,700 | - | - |
| Inventories | 637,198 | - | - | - |
| Prepaid items | 12,000 | - | - | - |
| Restricted cash and pooled cash investments | - | 366,812 | - | - |
| Total Assets | <u>\$ 1,734,261</u> | <u>\$ 434,090</u> | <u>\$ 5,098,528</u> | <u>\$ 356,237</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 91,146 | \$ 38,614 | \$ - | \$ - |
| Accrued payroll | 31,618 | 2,467 | - | - |
| Intergovernmental payable | - | 6,912 | - | - |
| Deferred revenue | | | | |
| Due to other funds | - | - | 279 | - |
| Succeeding year property tax | - | - | 5,060,627 | 353,628 |
| Other | 2,855 | 12,572 | 5,638 | 627 |
| Total Liabilities | <u>125,619</u> | <u>60,565</u> | <u>5,066,544</u> | <u>354,255</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Endowment corpus | - | - | - | - |
| Inventory | 637,198 | - | - | - |
| Long-term notes receivable | - | - | - | - |
| Prepaid items | 12,000 | - | - | - |
| Restricted: | | | | |
| Endowments | - | - | - | - |
| Library | - | - | - | - |
| Debt service | - | - | - | - |
| Capital improvements | 959,444 | - | - | - |
| Franchise agreement | - | - | - | - |
| Special assessments | - | - | - | - |
| Claims | - | - | - | 1,982 |
| Iowa Finance Authority Trust | - | - | - | - |
| Community programs | - | 373,525 | - | - |
| Employee benefits | - | - | 31,984 | - |
| Committed, capital improvements | - | - | - | - |
| Total Fund Balances | <u>1,608,642</u> | <u>373,525</u> | <u>31,984</u> | <u>1,982</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,734,261</u> | <u>\$ 434,090</u> | <u>\$ 5,098,528</u> | <u>\$ 356,237</u> |

EXHIBIT A-1

| 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 | |
| \$ - | \$ 128,480 | \$ 1,217,732 | \$ 70,403 | \$ 1,956,305 | \$ 124,930 | \$ 2,870,824 | \$ 4,324,776 | |
| - | - | - | - | - | 587 | - | - | |
| - | - | - | - | - | 119,200 | - | - | |
| - | 148,722 | - | - | - | - | - | - | |
| 1,087,855 | - | - | - | - | - | - | - | |
| - | 258 | 2,470 | - | 31,979 | 254 | 1,352 | 5,704 | |
| - | - | - | - | 8,650,446 | - | - | 657,518 | |
| - | - | - | - | 238,676 | - | 1,536,978 | 266,923 | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | 19,859 | - | - | - | |
| - | - | - | - | - | - | - | - | |
| <u>\$ 1,087,855</u> | <u>\$ 277,460</u> | <u>\$ 1,220,202</u> | <u>\$ 70,403</u> | <u>\$ 10,897,265</u> | <u>\$ 244,971</u> | <u>\$ 4,409,154</u> | <u>\$ 5,254,921</u> | |
| | | | | | | | | |
| \$ - | \$ 6,692 | \$ 580 | \$ - | \$ 72,883 | \$ - | \$ 1,517,701 | \$ 121,078 | |
| - | 622 | - | - | 5,530 | - | - | - | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | - | 119,200 | - | - | |
| 1,072,588 | - | - | - | 208,440 | 195 | 223,788 | - | |
| <u>1,072,588</u> | <u>7,314</u> | <u>580</u> | <u>-</u> | <u>286,853</u> | <u>119,395</u> | <u>1,741,489</u> | <u>121,078</u> | |
| | | | | | | | | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | 8,166,895 | - | - | - | |
| - | - | - | - | 19,859 | - | - | - | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | |
| - | - | 1,219,622 | - | - | - | - | - | |
| - | - | - | - | - | 125,576 | - | - | |
| - | - | - | - | - | - | 2,667,665 | - | |
| - | 270,146 | - | - | - | - | - | - | |
| 15,267 | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | |
| - | - | - | 70,403 | - | - | - | - | |
| - | - | - | - | 2,423,658 | - | - | - | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | 5,133,843 | |
| <u>15,267</u> | <u>270,146</u> | <u>1,219,622</u> | <u>70,403</u> | <u>10,610,412</u> | <u>125,576</u> | <u>2,667,665</u> | <u>5,133,843</u> | |
| <u>\$ 1,087,855</u> | <u>\$ 277,460</u> | <u>\$ 1,220,202</u> | <u>\$ 70,403</u> | <u>\$ 10,897,265</u> | <u>\$ 244,971</u> | <u>\$ 4,409,154</u> | <u>\$ 5,254,921</u> | |

(Continued)

**CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

**EXHIBIT A-1
(Continued)**

| | Capital Projects Funds | Permanent Funds | | Total Nonmajor Governmental Funds |
|---|---------------------------|------------------------------------|---------------------------|--|
| | Street Construction | Ella Lyons Peony Trail Trust | Library Gifts Trust | |
| ASSETS | | | | |
| Cash and pooled cash investments | \$ 4,359,384 | \$ - | \$ - | \$ 15,637,399 |
| Receivables | | | | |
| Property tax | | | | |
| Delinquent | - | - | - | 41,097 |
| Succeeding year | - | - | - | 5,533,455 |
| Accounts and other | - | - | - | 168,821 |
| Special assessments | - | - | - | 1,087,855 |
| Accrued interest | 5,647 | 82 | 25 | 48,378 |
| Notes | - | - | - | 9,308,070 |
| Intergovernmental | 2,081,870 | - | - | 4,671,411 |
| Inventories | - | - | - | 637,198 |
| Prepaid items | - | - | - | 31,859 |
| Restricted cash and pooled cash investments | - | 130,810 | 12,270 | 509,892 |
| Total Assets | <u>\$ 6,446,901</u> | <u>\$ 130,892</u> | <u>\$ 12,295</u> | <u>\$ 37,675,435</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 455,054 | \$ - | \$ - | \$ 2,303,748 |
| Accrued payroll | - | - | - | 40,237 |
| Intergovernmental payable | - | - | - | 6,912 |
| Deferred revenue | | | | |
| Due to other funds | - | - | - | 279 |
| Succeeding year property tax | - | - | - | 5,533,455 |
| Other | 298,518 | - | - | 1,825,221 |
| Total Liabilities | <u>753,572</u> | <u>-</u> | <u>-</u> | <u>9,709,852</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Endowment corpus | - | 57,412 | 12,000 | 69,412 |
| Inventory | - | - | - | 637,198 |
| Long-term notes receivable | - | - | - | 8,166,895 |
| Prepaid items | - | - | - | 31,859 |
| Restricted: | | | | |
| Endowments | - | 73,480 | 295 | 73,775 |
| Library | - | - | - | 1,219,622 |
| Debt service | - | - | - | 125,576 |
| Capital improvements | - | - | - | 3,627,109 |
| Franchise agreement | - | - | - | 270,146 |
| Special assessments | - | - | - | 15,267 |
| Claims | - | - | - | 1,982 |
| Iowa Finance Authority Trust | - | - | - | 70,403 |
| Community programs | - | - | - | 2,797,183 |
| Employee benefits | - | - | - | 31,984 |
| Committed, capital improvements | 5,693,329 | - | - | 10,827,172 |
| Total Fund Balances | <u>5,693,329</u> | <u>130,892</u> | <u>12,295</u> | <u>27,965,583</u> |
| Total Liabilities and Fund Balances | <u>\$ 6,446,901</u> | <u>\$ 130,892</u> | <u>\$ 12,295</u> | <u>\$ 37,675,435</u> |



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

| | Special Revenue Funds | | | |
|--|-----------------------|-------------------------|----------------------|-------------------|
| | Road Use Tax | Section VIII Housing | Employee Benefits | Tort Liability |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ 4,255,620 | \$ 293,037 |
| Special assessments | - | - | - | - |
| Intergovernmental | 5,657,931 | 3,562,876 | - | - |
| Charges for services | - | - | - | - |
| Investment earnings | 270 | - | - | - |
| Contributions | - | - | - | - |
| Miscellaneous | 66,656 | 24,597 | - | - |
| Total Revenues | 5,724,857 | 3,587,473 | 4,255,620 | 293,037 |
| EXPENDITURES | | | | |
| Governmental activities | | | | |
| Current | | | | |
| Public safety | - | - | - | - |
| Public works | 6,294,368 | - | - | - |
| Health and social services | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Community and economic development | - | 4,469,913 | - | - |
| General government | 29,178 | - | 280 | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Capital projects | - | - | - | - |
| Total Expenditures | 6,323,546 | 4,469,913 | 280 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (598,689) | (882,440) | 4,255,340 | 293,037 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of debt | - | - | - | - |
| Transfers in | - | 722,840 | - | - |
| Transfers out | (50,442) | (820) | (4,256,440) | (294,552) |
| Insurance recovery | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| Total Other Financing Sources (Uses) | (50,442) | 722,020 | (4,256,440) | (294,552) |
| NET CHANGE IN FUND BALANCES | (649,131) | (160,420) | (1,100) | (1,515) |
| FUND BALANCES, BEGINNING | 2,257,773 | 533,945 | 33,084 | 3,497 |
| FUND BALANCES, ENDING | \$ 1,608,642 | \$ 373,525 | \$ 31,984 | \$ 1,982 |

EXHIBIT A-2

| 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 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 69,673 | \$ - | \$ 1,752,958 |
| 175,486 | - | - | - | - | - | - | - |
| - | - | - | - | 3,806,323 | 25,423 | 5,632,290 | 1,272,671 |
| - | 149,622 | - | - | 7,292 | - | 190,284 | - |
| 30,469 | 488 | 2,890 | - | 74,941 | (14,185) | 11,873 | 11,646 |
| - | - | - | - | - | - | 9,965 | 2,201 |
| 13,363 | 453,259 | 63,257 | - | 121,929 | - | 2,156 | 973 |
| 219,318 | 603,369 | 66,147 | - | 4,010,485 | 80,911 | 5,846,568 | 3,040,449 |
| - | 9,336 | - | - | - | - | - | - |
| - | - | - | - | 33,994 | - | - | - |
| - | 31,290 | - | - | 92,750 | - | - | - |
| - | - | 75,219 | - | 137,104 | - | - | - |
| - | - | - | 180,489 | 5,380,898 | - | - | - |
| - | 538,419 | - | - | 406 | - | - | - |
| - | - | - | - | - | 2,858,420 | - | - |
| - | - | - | - | - | 3,642,640 | - | 223 |
| - | - | - | - | - | - | 6,430,690 | 2,490,358 |
| - | 579,045 | 75,219 | 180,489 | 5,645,152 | 6,501,060 | 6,430,690 | 2,490,581 |
| 219,318 | 24,324 | (9,072) | (180,489) | (1,634,667) | (6,420,149) | (584,122) | 549,868 |
| - | - | - | - | - | - | - | 361,080 |
| - | - | - | - | 69,837 | 6,377,584 | 327,889 | 1,538,419 |
| (449,269) | (573) | - | - | - | - | (57,607) | (158,418) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 75,764 | - | - | - |
| (449,269) | (573) | - | - | 145,601 | 6,377,584 | 270,282 | 1,741,081 |
| (229,951) | 23,751 | (9,072) | (180,489) | (1,489,066) | (42,565) | (313,840) | 2,290,949 |
| 245,218 | 246,395 | 1,228,694 | 250,892 | 12,099,478 | 168,141 | 2,981,505 | 2,842,894 |
| \$ 15,267 | \$ 270,146 | \$ 1,219,622 | \$ 70,403 | \$ 10,610,412 | \$ 125,576 | \$ 2,667,665 | \$ 5,133,843 |

(Continued)

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

EXHIBIT A-2
(Continued)

| | Capital Projects Funds | Permanent Funds | | |
|--|---------------------------|------------------------------------|---------------------------|--|
| | Street Construction | Ella Lyons Peony Trail Trust | Library Gifts Trust | Total Nonmajor Governmental Funds |
| REVENUES | | | | |
| Taxes | \$ 2,629,435 | \$ - | \$ - | \$ 9,000,723 |
| Special assessments | - | - | - | 175,486 |
| Intergovernmental | 3,811,099 | - | - | 23,768,613 |
| Charges for services | 14,703 | - | - | 361,901 |
| Investment earnings | 12,453 | 7,712 | 32 | 138,589 |
| Contributions | - | - | - | 12,166 |
| Miscellaneous | 6,054 | 18 | - | 752,262 |
| Total Revenues | 6,473,744 | 7,730 | 32 | 34,209,740 |
| EXPENDITURES | | | | |
| Governmental activities | | | | |
| Current | | | | |
| Public safety | - | - | - | 9,336 |
| Public works | - | - | - | 6,328,362 |
| Health and social services | - | - | - | 124,040 |
| Culture and recreation | - | 619 | - | 212,942 |
| Community and economic development | - | - | - | 10,031,300 |
| General government | - | - | - | 568,283 |
| Debt service | | | | |
| Principal | - | - | - | 2,858,420 |
| Interest and fiscal charges | - | - | - | 3,642,863 |
| Capital projects | 3,954,847 | - | - | 12,875,895 |
| Total Expenditures | 3,954,847 | 619 | - | 36,651,441 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 2,518,897 | 7,111 | 32 | (2,441,701) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of debt | 1,280,188 | - | - | 1,641,268 |
| Transfers in | 121,435 | - | - | 9,158,004 |
| Transfers out | (1,370,874) | - | - | (6,638,995) |
| Insurance recovery | 46,149 | - | - | 46,149 |
| Sale of capital assets | 85,341 | - | - | 161,105 |
| Total Other Financing Sources (Uses) | 162,239 | - | - | 4,367,531 |
| NET CHANGE IN FUND BALANCES | 2,681,136 | 7,111 | 32 | 1,925,830 |
| FUND BALANCES, BEGINNING | 3,012,193 | 123,781 | 12,263 | 26,039,753 |
| FUND BALANCES, ENDING | \$ 5,693,329 | \$ 130,892 | \$ 12,295 | \$ 27,965,583 |

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.

Transit System Fund – This fund is used to account for the operations of the City's bus and other transit 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, 2013

EXHIBIT B-1

| | Refuse Collection | Transit System | Salt | America's River Project | Total Other Enterprise Funds |
|--|----------------------|-------------------|------------|----------------------------|------------------------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and pooled cash investments | \$ 635,594 | \$ 337,190 | \$ - | \$ 31,461 | \$ 1,004,245 |
| Receivables | | | | | |
| Accounts | 308,323 | 2,203 | 108,643 | - | 419,169 |
| Accrued interest | 1,289 | - | - | 64 | 1,353 |
| Intergovernmental | 1,670 | 918,975 | - | - | 920,645 |
| Total Current Assets | 946,876 | 1,258,368 | 108,643 | 31,525 | 2,345,412 |
| NONCURRENT ASSETS | | | | | |
| Restricted cash and pooled cash investments | - | 4,169,846 | - | - | 4,169,846 |
| Capital assets | | | | | |
| Land | - | 36,000 | - | - | 36,000 |
| Buildings | - | 1,887,564 | 175,458 | - | 2,063,022 |
| Improvements to other than buildings | - | 244,232 | - | - | 244,232 |
| Machinery and equipment | 2,159,038 | 5,027,690 | 36,342 | - | 7,223,070 |
| Construction in progress | - | 1,006,630 | - | - | 1,006,630 |
| Accumulated depreciation | (634,947) | (2,781,343) | (6,983) | - | (3,423,273) |
| Net Capital Assets | 1,524,091 | 5,420,773 | 204,817 | - | 7,149,681 |
| Total Noncurrent Assets | 1,524,091 | 9,590,619 | 204,817 | - | 11,319,527 |
| Total Assets | 2,470,967 | 10,848,987 | 313,460 | 31,525 | 13,664,939 |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | 234,490 | 343,761 | 126,056 | 252 | 704,559 |
| Accrued payroll | 22,015 | 28,080 | - | - | 50,095 |
| General obligation bonds payable | 4,412 | - | - | - | 4,412 |
| Accrued compensated absences | 2,215 | - | - | - | 2,215 |
| Accrued interest payable | 265 | - | - | - | 265 |
| Due to other funds | - | - | 26,505 | - | 26,505 |
| Total Current Liabilities | 263,397 | 371,841 | 152,561 | 252 | 788,051 |
| NONCURRENT LIABILITIES | | | | | |
| General obligation bonds payable (net of premium of \$460) | 94,638 | - | - | - | 94,638 |
| Accrued Compensated Absences | 333,177 | 3,841 | - | - | 337,018 |
| Net OPEB Liability | 135,385 | 40,241 | - | - | 175,626 |
| Total Noncurrent Liabilities | 563,200 | 44,082 | - | - | 607,282 |
| Total Liabilities | 826,597 | 415,923 | 152,561 | 252 | 1,395,333 |
| NET POSITION | | | | | |
| Net investment in capital assets | 1,425,041 | 5,420,773 | 204,817 | - | 7,050,631 |
| Restricted by bond ordinance/development agreement | - | 4,169,846 | - | - | 4,169,846 |
| Unrestricted | 219,329 | 842,445 | (43,918) | 31,273 | 1,049,129 |
| Total Net Position | \$ 1,644,370 | \$ 10,433,064 | \$ 160,899 | \$ 31,273 | \$ 12,269,606 |

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT B-2

| | Refuse Collection | Transit System | Salt | America's River Project | Total Other Enterprise Funds |
|---------------------------------------|----------------------|-------------------|------------|----------------------------|------------------------------------|
| OPERATING REVENUES | | | | | |
| Charges for sales and services | \$ 3,346,307 | \$ 176,043 | \$ 393,901 | \$ - | \$ 3,916,251 |
| Other | 488 | 131,271 | 1,099 | - | 132,858 |
| Total Operating Revenues | 3,346,795 | 307,314 | 395,000 | - | 4,049,109 |
| OPERATING EXPENSES | | | | | |
| Employee expense | 2,245,343 | 1,618,715 | 1,972 | - | 3,866,030 |
| Utilities | 17,746 | 57,062 | 2,319 | - | 77,127 |
| Repairs and maintenance | 302,499 | 233,933 | 8,510 | - | 544,942 |
| Supplies and services | 706,089 | 1,034,259 | 328,503 | 22,770 | 2,091,621 |
| Insurance | 22,797 | 41,110 | - | - | 63,907 |
| Depreciation | 171,141 | 507,016 | 4,762 | - | 682,919 |
| Total Operating Expenses | 3,465,615 | 3,492,095 | 346,066 | 22,770 | 7,326,546 |
| OPERATING INCOME (LOSS) | (118,820) | (3,184,781) | 48,934 | (22,770) | (3,277,437) |
| NONOPERATING REVENUES | | | | | |
| Intergovernmental | 1,670 | 2,124,639 | - | - | 2,126,309 |
| Investment earnings | 2,069 | 13,748 | - | 57 | 15,874 |
| Contributions | - | 34,086 | - | - | 34,086 |
| Interest expense | (3,244) | - | - | - | (3,244) |
| Gain (loss) on disposal of assets | - | 23,870 | 644 | - | 24,514 |
| Net Nonoperating Revenues | 495 | 2,196,343 | 644 | 57 | 2,197,539 |
| INCOME (LOSS) BEFORE TRANSFERS | (118,325) | (988,438) | 49,578 | (22,713) | (1,079,898) |
| TRANSFERS IN | - | 1,362,347 | - | 30,698 | 1,393,045 |
| TRANSFERS OUT | - | (374,595) | - | - | (374,595) |
| CHANGE IN NET POSITION | (118,325) | (686) | 49,578 | 7,985 | (61,448) |
| NET POSITION, BEGINNING | 1,762,695 | 10,433,750 | 111,321 | 23,288 | 12,331,054 |
| NET POSITION, ENDING | \$ 1,644,370 | \$ 10,433,064 | \$ 160,899 | \$ 31,273 | \$ 12,269,606 |

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2013

| | Refuse Collection | Transit System | Salt | America's River Project | Total Other Enterprise Funds |
|---|----------------------|---------------------|------------------|-------------------------------|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 3,319,911 | \$ 174,534 | \$ 341,518 | \$ - | \$ 3,835,963 |
| Cash payments to suppliers for goods and services | (822,807) | (1,058,149) | (225,386) | (23,198) | (2,129,540) |
| Cash payments to employees for services | (2,171,030) | (1,608,562) | (1,972) | - | (3,781,564) |
| Other operating receipts | 488 | 131,271 | 1,099 | - | 132,858 |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>326,562</u> | <u>(2,360,906)</u> | <u>115,259</u> | <u>(23,198)</u> | <u>(1,942,283)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers from other funds | - | 1,362,347 | - | 30,698 | 1,393,045 |
| Transfers to other funds | - | (374,595) | - | - | (374,595) |
| Payment of interfund balances | - | - | (115,903) | - | (115,903) |
| Intergovernmental grant proceeds | - | 1,876,051 | - | - | 1,876,051 |
| NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES | <u>-</u> | <u>2,863,803</u> | <u>(115,903)</u> | <u>30,698</u> | <u>2,778,598</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from sale of capital assets | - | 20,300 | 644 | - | 20,944 |
| Acquisition and construction of capital assets | (926,743) | (614,147) | - | - | (1,540,890) |
| Contributions | - | 34,086 | - | - | 34,086 |
| Principal Paid | (4,385) | - | - | - | (4,385) |
| Interest paid | (3,286) | - | - | - | (3,286) |
| NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(934,414)</u> | <u>(559,761)</u> | <u>644</u> | <u>-</u> | <u>(1,493,531)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest received | <u>3,343</u> | <u>13,748</u> | <u>-</u> | <u>(5)</u> | <u>17,086</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>(604,509)</u> | <u>(43,116)</u> | <u>-</u> | <u>7,495</u> | <u>(640,130)</u> |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>1,240,103</u> | <u>4,550,152</u> | <u>-</u> | <u>23,966</u> | <u>5,814,221</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u>\$ 635,594</u> | <u>\$ 4,507,036</u> | <u>\$ -</u> | <u>\$ 31,461</u> | <u>\$ 5,174,091</u> |

(Continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2013

EXHIBIT B-3

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|-------------------|------------|-------------------------------|------------------------------------|
| | Refuse Collection | Transit System | Salt | America's River Project | Total Other Enterprise Funds |
| RECONCILIATION OF OPERATING INCOME (LOSS) | | | | | |
| TO NET CASH PROVIDED BY (USED FOR) | | | | | |
| OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ (118,820) | \$ (3,184,781) | \$ 48,934 | \$ (22,770) | \$ (3,277,437) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | | |
| Depreciation | 171,141 | 507,016 | 4,762 | - | 682,919 |
| Change in assets and liabilities | | | | | |
| Decrease in receivables | (26,396) | (1,509) | (52,383) | - | (80,288) |
| (Decrease) in accounts payable | 226,324 | 308,215 | 113,946 | (428) | 648,057 |
| (Decrease) in accrued liabilities | 51,988 | 3,455 | - | - | 55,443 |
| Increase in net OPEB liability | 22,325 | 6,698 | - | - | 29,023 |
| Total Adjustments | 445,382 | 823,875 | 66,325 | (428) | 1,335,154 |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | \$ 326,562 | \$ (2,360,906) | \$ 115,259 | \$ (23,198) | \$ (1,942,283) |

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.



CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

| | General Service | Garage Service | Stores/ Printing |
|----------------------------------|--------------------|-------------------|---------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and pooled cash investments | \$ - | \$ - | \$ - |
| Receivables | | | |
| Accounts | - | - | - |
| Accrued interest | - | - | - |
| Inventories | - | 91,891 | 9,232 |
| Total Current Assets | - | 91,891 | 9,232 |
| NONCURRENT ASSETS | | | |
| Capital assets | | | |
| Machinery and equipment | - | 106,521 | - |
| Accumulated depreciation | - | (45,084) | - |
| Net Capital Assets | - | 61,437 | - |
| Total Noncurrent Assets | - | 61,437 | - |
| Total Assets | - | 153,328 | 9,232 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | 394 | 47,271 | - |
| Accrued payroll | 17,697 | 13,699 | - |
| Due to other funds | 8,304 | 28,071 | 6,130 |
| Total Current Liabilities | 26,395 | 89,041 | 6,130 |
| Total Liabilities | 26,395 | 89,041 | 6,130 |
| NET POSITION | | | |
| Net investment in capital assets | - | 61,438 | - |
| Unrestricted | (26,395) | 2,849 | 3,102 |
| Total Net Position (Deficit) | \$ (26,395) | \$ 64,287 | \$ 3,102 |

EXHIBIT C-1

| Health Insurance Reserve | Workers' Compensation Reserve | Total |
|--------------------------------|-------------------------------------|--------------|
| \$ 1,070,117 | \$ 208,987 | \$ 1,279,104 |
| 99,000 | - | 99,000 |
| 2,170 | 424 | 2,594 |
| - | - | 101,123 |
| 1,171,287 | 209,411 | 1,481,821 |
| - | - | 106,521 |
| - | - | (45,084) |
| - | - | 61,437 |
| - | - | 61,437 |
| 1,171,287 | 209,411 | 1,543,258 |
| 551,428 | 1,081,084 | 1,680,177 |
| - | - | 31,396 |
| - | - | 42,505 |
| 551,428 | 1,081,084 | 1,754,078 |
| 551,428 | 1,081,084 | 1,754,078 |
| - | - | 61,438 |
| 619,859 | (871,673) | (272,258) |
| \$ 619,859 | \$ (871,673) | \$ (210,820) |

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICITS)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | General Service | Garage Service | Stores/ Printing |
|-----------------------------------|--------------------|-------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for sales and services | \$ 2,005,188 | \$ 2,414,244 | \$ 18,770 |
| Other | - | 36,385 | - |
| Total Operating Revenues | 2,005,188 | 2,450,629 | 18,770 |
| OPERATING EXPENSES | | | |
| Employee expense | 1,994,698 | 902,566 | - |
| Utilities | - | 26,711 | - |
| Repairs and maintenance | - | 40,928 | - |
| Supplies and services | 5,116 | 1,485,720 | 19,294 |
| Insurance | 10,877 | 21,138 | - |
| Depreciation | - | 10,738 | - |
| Total Operating Expenses | 2,010,691 | 2,487,801 | 19,294 |
| OPERATING INCOME (LOSS) | (5,503) | (37,172) | (524) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | - | - | - |
| Gain (loss) on disposal of assets | - | 7,329 | - |
| INCOME (LOSS) BEFORE TRANSFERS | (5,503) | (29,843) | (524) |
| TRANSFERS OUT | - | (4,134) | - |
| CHANGE IN NET POSITION | (5,503) | (33,977) | (524) |
| NET POSITION (DEFICIT), BEGINNING | (20,892) | 98,264 | 3,626 |
| NET POSITION (DEFICIT), ENDING | \$ (26,395) | \$ 64,287 | \$ 3,102 |

| Health Insurance Reserve | Workers' Compensation Reserve | Total |
|--------------------------------|-------------------------------------|---------------|
| \$ 7,397,769 | \$ 873,218 | \$ 12,709,189 |
| - | 1,145 | 37,530 |
| 7,397,769 | 874,363 | 12,746,719 |
| - | - | 2,897,264 |
| - | - | 26,711 |
| - | - | 40,928 |
| 8,511,194 | 648,768 | 10,670,092 |
| 33,421 | 69,505 | 134,941 |
| - | - | 10,738 |
| 8,544,615 | 718,273 | 13,780,674 |
| (1,146,846) | 156,090 | (1,033,955) |
| 16,172 | 4,965 | 21,137 |
| - | - | 7,329 |
| (1,130,674) | 161,055 | (1,005,489) |
| - | - | (4,134) |
| (1,130,674) | 161,055 | (1,009,623) |
| 1,750,533 | (1,032,728) | 798,803 |
| \$ 619,859 | \$ (871,673) | \$ (210,820) |

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013

| | General Service | Garage Service | Stores/ Printing |
|--|--------------------|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 2,005,189 | \$ 2,414,244 | \$ 18,770 |
| Cash payments to suppliers for goods and services | (15,599) | (1,571,938) | (20,464) |
| Cash payments to employees for services | (1,995,903) | (901,575) | - |
| Other operating receipts | - | 36,385 | - |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | (6,313) | (22,884) | (1,694) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers to other funds | - | (4,134) | - |
| Proceeds from interfund balances | 6,313 | 28,071 | 1,694 |
| NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES | 6,313 | 23,937 | 1,694 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from sale of capital assets | - | 7,329 | - |
| Acquisition and construction of capital assets | - | (40,717) | - |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | - | (33,388) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | - | - | - |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | - | (32,335) | - |
| CASH AND CASH EQUIVALENTS, BEGINNING | - | 32,335 | - |
| CASH AND CASH EQUIVALENTS, ENDING | \$ - | \$ - | \$ - |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ (5,503) | \$ (37,172) | \$ (524) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | |
| Depreciation | - | 10,738 | - |
| Change in assets and liabilities | | | |
| (Increase) Decrease in receivables | - | - | - |
| (Increase) Decrease in inventories and prepaid items | - | (21,985) | (1,170) |
| Increase (decrease) in accounts payable | 394 | 24,544 | - |
| (Decrease) in accrued liabilities | (1,204) | 991 | - |
| Total Adjustments | (810) | 14,288 | (1,170) |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | \$ (6,313) | \$ (22,884) | \$ (1,694) |

EXHIBIT C-3

| Health Insurance Reserve | Workers' Compensation Reserve | Total |
|--------------------------------|-------------------------------------|----------------|
| \$ 7,317,177 | \$ 873,218 | \$ 12,628,598 |
| (8,380,087) | (774,358) | (10,762,445) |
| - | - | (2,897,478) |
| - | 1,145 | 37,530 |
| (1,062,910) | 100,005 | (993,795) |
| | | (4,134) |
| - | - | 36,078 |
| - | - | 31,944 |
| | | 7,329 |
| | | (40,717) |
| | | (33,388) |
| 15,287 | 4,760 | 20,047 |
| (1,047,623) | 104,765 | (975,192) |
| 2,117,740 | 104,221 | 2,254,296 |
| \$ 1,070,117 | \$ 208,986 | \$ 1,279,104 |
| \$ (1,146,846) | \$ 156,090 | \$ (1,033,955) |
| - | - | 10,738 |
| (80,592) | - | (80,592) |
| - | - | (23,154) |
| 164,528 | (56,085) | 133,382 |
| - | - | (214) |
| 83,936 | (56,085) | 40,160 |
| \$ (1,062,910) | \$ 100,005 | \$ (993,795) |

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, 2013

EXHIBIT D-1

| | Balance Beginning of Year | Additions | Deductions | Balance End of Year |
|------------------------------------|---------------------------------|-------------------|-------------------|---------------------------|
| CABLE EQUIPMENT FUND | | | | |
| ASSETS | | | | |
| Cash and pooled cash investments | \$ 265,986 | \$ 214,167 | \$ 108,230 | \$ 371,923 |
| Accounts receivable | 55,229 | - | 3,176 | 52,053 |
| Total Assets | <u>\$ 321,215</u> | <u>\$ 214,167</u> | <u>\$ 111,406</u> | <u>\$ 423,976</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 178 | \$ - | \$ 178 |
| Due to other agency | 321,215 | 102,583 | - | 423,798 |
| Total Liabilities | <u>\$ 321,215</u> | <u>\$ 102,761</u> | <u>\$ -</u> | <u>\$ 423,976</u> |
| DOG TRACK DEPRECIATION FUND | | | | |
| ASSETS | | | | |
| Cash and pooled cash investments | \$ 1,207,219 | \$ 131,291 | \$ 870,038 | \$ 468,472 |
| Accrued interest | 2,747 | 950 | 2,747 | 950 |
| Total Assets | <u>\$ 1,209,966</u> | <u>\$ 132,241</u> | <u>\$ 872,785</u> | <u>\$ 469,422</u> |
| LIABILITIES | | | | |
| Due to other agency | <u>\$ 1,209,966</u> | <u>\$ -</u> | <u>\$ 740,544</u> | <u>\$ 469,422</u> |
| TOTAL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and pooled cash investments | \$ 1,473,205 | \$ 345,458 | \$ 978,268 | \$ 840,395 |
| Accounts receivable | 55,229 | - | 3,176 | 52,053 |
| Accrued interest | 2,747 | 950 | 2,747 | 950 |
| Total Assets | <u>\$ 1,531,181</u> | <u>\$ 346,408</u> | <u>\$ 984,191</u> | <u>\$ 893,398</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 178 | \$ - | \$ 178 |
| Due to other agency | 1,531,181 | 102,583 | 740,544 | 893,220 |
| Total Liabilities | <u>\$ 1,531,181</u> | <u>\$ 102,761</u> | <u>\$ 740,544</u> | <u>\$ 893,398</u> |

Statistical Section (Unaudited)
June 30, 2013
City of Dubuque, Iowa

CITY OF DUBUQUE, IOWA

STATISTICAL SECTION

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> |
|--|--------------------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 128 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 138 |
| Debt Capacity | |
| 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. | 142 |
| Demographic and Economic Information | |
| 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. | 152 |
| Operating Information | |
| 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. | 154 |

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)

| | | | | | Fiscal - |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Governmental activities | | | | | |
| Net Investment in capital assets | \$ 231,863,231 | \$ 249,881,646 | \$ 267,762,059 | \$ 288,978,975 | \$ 296,143,451 |
| Restricted | 31,931,803 | 24,180,874 | 21,693,357 | 23,900,328 | 31,970,724 |
| Unrestricted | <u>11,322,661</u> | <u>11,236,870</u> | <u>15,132,486</u> | <u>21,921,571</u> | <u>18,987,841</u> |
| Total governmental activities net position | <u>\$ 275,117,695</u> | <u>\$ 285,299,390</u> | <u>\$ 304,587,902</u> | <u>\$ 334,800,874</u> | <u>\$ 347,102,016</u> |
| Business-type activities | | | | | |
| Net Investment in capital assets | \$ 92,301,043 | \$ 93,036,089 | \$ 88,802,536 | \$ 91,483,532 | \$ 95,104,575 |
| Restricted | 554,005 | 554,205 | 554,294 | 554,318 | 554,505 |
| Unrestricted | <u>10,502,939</u> | <u>12,854,730</u> | <u>13,258,072</u> | <u>11,214,900</u> | <u>11,312,806</u> |
| Total business-type activities net position | <u>\$ 103,357,987</u> | <u>\$ 106,445,024</u> | <u>\$ 102,614,902</u> | <u>\$ 103,252,750</u> | <u>\$ 106,971,886</u> |
| Primary government | | | | | |
| Net Investment in capital assets | \$ 324,164,274 | \$ 342,917,735 | \$ 356,564,595 | \$ 380,462,507 | \$ 391,248,026 |
| Restricted | 32,485,808 | 24,735,079 | 22,247,651 | 24,454,646 | 32,525,229 |
| Unrestricted | <u>21,825,600</u> | <u>24,091,600</u> | <u>28,390,558</u> | <u>33,136,471</u> | <u>30,300,647</u> |
| Total primary government net position | <u>\$ 378,475,682</u> | <u>\$ 391,744,414</u> | <u>\$ 407,202,804</u> | <u>\$ 438,053,624</u> | <u>\$ 454,073,902</u> |

TABLE 1

| Year | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 |
| \$ 298,855,346 | \$ 309,126,684 | \$ 329,416,245 | \$ 347,890,769 | \$ 342,046,442 |
| 27,171,123 | 26,064,318 | 23,738,199 | 26,180,100 | 23,491,207 |
| (5,280,715) | (11,256,312) | (4,891,381) | (16,876,988) | (8,361,688) |
| <u>\$ 320,745,754</u> | <u>\$ 323,934,690</u> | <u>\$ 348,263,063</u> | <u>\$ 357,193,881</u> | <u>\$ 357,175,961</u> |
| \$ 120,473,286 | \$ 124,805,513 | \$ 135,026,753 | \$ 132,237,734 | \$ 138,498,777 |
| 770,157 | 129,642 | 893,519 | 957,802 | 6,011,848 |
| 12,321,125 | 11,679,961 | 2,603,799 | 10,665,596 | (641,384) |
| <u>\$ 133,564,568</u> | <u>\$ 136,615,116</u> | <u>\$ 138,524,071</u> | <u>\$ 143,861,132</u> | <u>\$ 143,869,241</u> |
| \$ 419,328,632 | \$ 433,932,197 | \$ 464,442,998 | \$ 480,128,503 | \$ 480,545,219 |
| 27,941,280 | 26,193,960 | 24,631,718 | 27,137,902 | 29,503,055 |
| 7,040,410 | 423,649 | (2,287,582) | (6,211,392) | (9,003,072) |
| <u>\$ 454,310,322</u> | <u>\$ 460,549,806</u> | <u>\$ 486,787,134</u> | <u>\$ 501,055,013</u> | <u>\$ 501,045,202</u> |

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

| | 2004 | 2005 | 2006 | 2007 | Fiscal - 2008 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| Public safety | \$ 16,605,481 | \$ 18,636,877 | \$ 18,892,980 | \$ 20,326,724 | \$ 16,966,210 |
| Public works | 12,847,410 | 17,088,983 | 16,390,322 | 16,505,560 | 18,847,068 |
| Health and social services | 1,290,619 | 654,469 | 678,748 | 759,367 | 800,566 |
| Culture and recreation | 7,849,114 | 8,474,183 | 9,627,505 | 9,837,299 | 10,857,409 |
| Community and economic development | 12,662,552 | 9,680,046 | 8,541,167 | 11,965,805 | 11,961,584 |
| General government | 3,773,136 | 4,048,475 | 3,868,687 | 4,940,154 | 5,804,003 |
| Interest on long-term debt | 1,248,498 | 1,298,367 | 1,460,730 | 1,400,748 | 2,577,417 |
| Total governmental activities expenses | <u>56,276,810</u> | <u>59,881,400</u> | <u>59,460,139</u> | <u>65,735,657</u> | <u>67,814,257</u> |
| Business-type activities: | | | | | |
| Sewage disposal works | 5,282,016 | 4,656,172 | 5,298,353 | 5,814,076 | 6,141,524 |
| Water utility | 4,368,738 | 4,232,489 | 4,700,483 | 4,780,063 | 4,814,692 |
| Stormwater utility | 1,184,968 | 1,114,811 | 1,153,628 | 1,198,675 | 1,706,735 |
| Parking facilities | 1,655,429 | 1,604,071 | 1,629,427 | 1,611,447 | 2,173,110 |
| America's River Project | 1,064,701 | 515,570 | 82,617 | 434,667 | 126,699 |
| Refuse collection | 2,238,254 | 2,202,800 | 2,463,795 | 2,496,018 | 2,724,050 |
| Transit system | 2,257,078 | 2,326,908 | 2,555,080 | 2,760,459 | 2,703,983 |
| Salt | - | - | - | - | - |
| Total business-type activities expenses | <u>18,051,184</u> | <u>16,652,821</u> | <u>17,883,383</u> | <u>19,095,405</u> | <u>20,390,793</u> |
| Total primary government expenses | <u>\$ 74,327,994</u> | <u>\$ 76,534,221</u> | <u>\$ 77,343,522</u> | <u>\$ 84,831,062</u> | <u>\$ 88,205,050</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services | | | | | |
| Public safety | 1,785,787 | 1,900,938 | 1,809,481 | 1,857,324 | 2,088,723 |
| Public works | 3,392,650 | 3,371,073 | 3,370,291 | 4,839,781 | 4,061,883 |
| Culture and recreation | 2,282,983 | 2,143,246 | 2,218,315 | 2,251,562 | 2,109,571 |
| Other activities | 873,457 | 945,712 | 895,920 | 1,074,550 | 1,382,889 |
| Operating grants and contributions | 12,197,307 | 14,603,106 | 12,902,410 | 11,641,904 | 11,709,123 |
| Capital grants and contributions | 5,153,258 | 6,919,296 | 6,881,573 | 23,741,282 | 8,032,602 |
| Total governmental activities program revenues | <u>25,685,442</u> | <u>29,883,371</u> | <u>28,077,990</u> | <u>45,406,403</u> | <u>29,384,791</u> |
| Business-type activities: | | | | | |
| Charges for services | | | | | |
| Sewage disposal works | 4,719,491 | 4,552,587 | 5,077,491 | 5,259,432 | 5,484,079 |
| Water utility | 4,307,238 | 4,224,074 | 4,669,340 | 4,743,896 | 4,875,530 |
| Stormwater utility | 754,101 | 684,570 | 928,850 | 1,227,243 | 1,766,334 |
| Parking facilities | 1,643,490 | 1,889,937 | 1,886,642 | 1,977,757 | 2,141,607 |
| America's River Project | 881,089 | 26,061 | 51,373 | 3,099 | 2,140 |
| Refuse collection | 2,157,285 | 2,283,677 | 2,397,525 | 2,642,251 | 2,710,583 |
| Transit system | 319,216 | 389,106 | 341,743 | 237,088 | 195,817 |
| Salt | - | - | - | - | - |
| Operating grants and contributions | 825,538 | 651,967 | 920,762 | 1,167,344 | 1,209,636 |
| Capital grants and contributions | 11,007,676 | 3,030,378 | 2,769,657 | 1,670,874 | 2,830,263 |
| Total business-type activities program revenues | <u>26,615,124</u> | <u>17,732,357</u> | <u>19,043,383</u> | <u>18,928,984</u> | <u>21,215,989</u> |
| Total primary government program revenues | <u>\$ 52,300,566</u> | <u>\$ 47,615,728</u> | <u>\$ 47,121,373</u> | <u>\$ 64,335,387</u> | <u>\$ 50,600,780</u> |

TABLE 2

| Year | | | | | |
|------|------------|------|-------------|------|-------------|
| 2009 | | 2010 | | 2011 | |
| | | | | 2012 | |
| | | | | 2013 | |
| \$ | 22,038,265 | \$ | 22,067,988 | \$ | 23,759,068 |
| | 19,079,688 | | 22,121,629 | | 18,978,423 |
| | 849,237 | | 852,099 | | 1,072,347 |
| | 12,640,716 | | 11,446,084 | | 10,911,733 |
| | 12,693,140 | | 15,422,099 | | 12,890,841 |
| | 6,423,908 | | 7,963,016 | | 9,052,704 |
| | 3,164,126 | | 3,101,897 | | 3,294,951 |
| | 76,889,080 | | 82,974,812 | | 79,960,067 |
| | | | | | 94,367,471 |
| | 6,326,708 | | 6,631,326 | | 7,899,011 |
| | 6,100,491 | | 6,093,827 | | 6,523,993 |
| | 2,138,198 | | 2,213,144 | | 2,811,321 |
| | 2,147,405 | | 4,003,776 | | 4,775,834 |
| | 61,927 | | 423,158 | | 180,086 |
| | 2,788,665 | | 2,703,887 | | 2,828,891 |
| | 2,625,145 | | 2,832,066 | | 2,947,958 |
| | - | | - | | 671,647 |
| | 22,188,539 | | 24,901,184 | | 28,638,741 |
| \$ | 99,077,619 | \$ | 107,875,996 | \$ | 108,598,808 |
| | | | | | 124,886,649 |
| | 2,020,625 | | 2,348,064 | | 2,579,573 |
| | 4,456,364 | | 4,046,583 | | 5,331,667 |
| | 2,279,688 | | 2,192,886 | | 2,108,177 |
| | 1,557,597 | | 2,412,880 | | 2,530,234 |
| | 12,599,967 | | 20,830,113 | | 14,204,627 |
| | 4,811,729 | | 10,748,522 | | 23,482,866 |
| | 27,725,970 | | 42,579,048 | | 50,237,144 |
| | | | | | 52,863,660 |
| | 5,904,535 | | 5,893,730 | | 6,643,974 |
| | 5,320,642 | | 5,326,202 | | 5,638,277 |
| | 2,291,249 | | 2,282,625 | | 2,993,539 |
| | 2,224,185 | | 2,399,843 | | 2,750,610 |
| | - | | 7,000 | | - |
| | 2,872,649 | | 2,893,017 | | 3,082,197 |
| | 196,260 | | 273,433 | | 193,236 |
| | - | | - | | 773,258 |
| | 1,095,946 | | 1,652,277 | | 2,773,933 |
| | 3,613,321 | | 3,800,582 | | 6,536,527 |
| | 23,518,787 | | 24,528,709 | | 31,385,551 |
| \$ | 51,244,757 | \$ | 67,107,757 | \$ | 81,622,695 |
| | | | | | 83,922,853 |
| | | | | | 7,827,281 |
| | | | | | 6,037,073 |
| | | | | | 3,180,134 |
| | | | | | 2,908,989 |
| | | | | | - |
| | | | | | 3,257,960 |
| | | | | | 278,835 |
| | | | | | 665,942 |
| | | | | | 1,579,493 |
| | | | | | 5,323,486 |
| | | | | | 31,059,193 |
| \$ | | \$ | | \$ | |
| | | | | | 8,924,785 |
| | | | | | 6,922,582 |
| | | | | | 3,192,256 |
| | | | | | 2,883,865 |
| | | | | | - |
| | | | | | 3,346,795 |
| | | | | | 307,314 |
| | | | | | 395,000 |
| | | | | | 2,264,695 |
| | | | | | 1,240,583 |
| | | | | | 29,477,875 |
| \$ | | \$ | | \$ | |
| | | | | | 66,987,175 |

(Continued)

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

| | 2004 | 2005 | 2006 | 2007 | Fiscal - 2008 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net (Expense)/Revenue | | | | | |
| Governmental activities | \$ (30,591,368) | \$ (29,998,029) | \$ (31,382,149) | \$ (20,329,254) | \$ (38,429,466) |
| Business-type activities | 8,563,940 | 1,079,536 | 1,160,000 | (166,421) | 825,196 |
| Total primary government net expense | <u>\$ (22,027,428)</u> | <u>\$ (28,918,493)</u> | <u>\$ (30,222,149)</u> | <u>\$ (20,495,675)</u> | <u>\$ (37,604,270)</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| General Revenues | | | | | |
| Property taxes | 18,588,367 | 19,767,492 | 19,716,620 | 21,656,908 | 22,744,563 |
| Local option sales tax | 7,105,183 | 6,963,124 | 7,336,124 | 7,817,403 | 8,020,889 |
| Hotel/motel tax | 1,314,114 | 1,383,660 | 1,862,439 | 1,569,743 | 1,622,455 |
| Utility franchise fees | 862,275 | 1,310,064 | 1,521,201 | 1,492,920 | 1,516,123 |
| Gaming | 11,631,022 | 11,694,105 | 14,034,847 | 15,556,551 | 15,346,468 |
| Unrestricted investment earnings | 497,361 | 1,190,337 | 1,081,141 | 1,870,403 | 2,741,499 |
| Gain on sale of capital assets | 175,231 | 170,642 | 77,627 | - | 92,525 |
| Other | 638,681 | 560,789 | 572,602 | 586,931 | 898,241 |
| Transfers | 10,956,246 | (1,684,581) | 5,033,974 | (7,633) | (2,252,155) |
| Total governmental activities | <u>51,768,480</u> | <u>41,355,632</u> | <u>51,236,575</u> | <u>50,543,226</u> | <u>50,730,608</u> |
| Business-type activities: | | | | | |
| General Revenues | | | | | |
| Unrestricted investment earnings | 181,674 | 322,884 | 339,599 | 796,636 | 630,049 |
| Gain on sale of capital assets | 25 | 36 | 703 | - | 11,736 |
| Extraordinary item | - | - | - | - | - |
| Transfers | (10,956,246) | 1,684,581 | (5,033,974) | 7,633 | 2,252,155 |
| Total business-type activities | <u>(10,774,547)</u> | <u>2,007,501</u> | <u>(4,693,672)</u> | <u>804,269</u> | <u>2,893,940</u> |
| Total primary government | <u>\$ 40,993,933</u> | <u>\$ 43,363,133</u> | <u>\$ 46,542,903</u> | <u>\$ 51,347,495</u> | <u>\$ 53,624,548</u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ 21,177,112 | \$ 11,357,603 | \$ 19,854,426 | \$ 30,213,972 | \$ 12,301,142 |
| Business-type activities | (2,210,607) | 3,087,037 | (3,533,672) | 637,848 | 3,719,136 |
| Total primary government | <u>\$ 18,966,505</u> | <u>\$ 14,444,640</u> | <u>\$ 16,320,754</u> | <u>\$ 30,851,820</u> | <u>\$ 16,020,278</u> |

TABLE 2
(Continued)

| Year | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| 2009 | 2010 | 2011 | 2012 | 2013 | |
| \$ (49,163,110) | \$ (40,395,764) | \$ (29,722,923) | \$ (41,503,811) | \$ (54,441,708) | |
| 1,330,248 | (372,475) | 2,746,810 | 539,985 | (979,144) | |
| \$ (47,832,862) | \$ (40,768,239) | \$ (26,976,113) | \$ (40,963,826) | \$ (55,420,852) | |
| | | | | | |
| 23,716,819 | 24,876,073 | 28,249,114 | 30,816,614 | 32,668,554 | |
| 7,649,853 | 8,112,471 | 7,929,761 | 8,459,888 | 8,764,787 | |
| 1,611,954 | 1,678,806 | 1,826,809 | 1,903,944 | 1,953,763 | |
| 1,486,292 | 1,591,712 | 2,488,858 | 2,272,481 | 2,568,347 | |
| 9,627,391 | 8,209,761 | 13,327,223 | 8,785,453 | 8,452,298 | |
| 2,215,413 | 1,339,709 | 668,363 | 1,529,149 | 201,153 | |
| 407,503 | - | 149,937 | 1,417,048 | 907,122 | |
| 918,605 | 880,930 | 622,494 | - | - | |
| (24,826,982) | (3,104,762) | (1,211,263) | (4,749,948) | (1,092,236) | |
| 22,806,848 | 43,584,700 | 54,051,296 | 50,434,629 | 54,423,788 | |
| | | | | | |
| 433,148 | 294,562 | 184,581 | 206,672 | 65,351 | |
| 2,304 | 23,699 | 19,337 | 84,178 | 384,697 | |
| - | - | (2,253,036) | (243,722) | (555,031) | |
| 24,826,982 | 3,104,762 | 1,211,263 | 4,749,948 | 1,092,236 | |
| 25,262,434 | 3,423,023 | (837,855) | 4,797,076 | 987,253 | |
| \$ 48,069,282 | \$ 47,007,723 | \$ 53,213,441 | \$ 55,231,705 | \$ 55,411,041 | |
| | | | | | |
| \$ (26,356,262) | \$ 3,188,936 | \$ 24,328,373 | \$ 8,930,818 | \$ (17,920) | |
| 26,592,682 | 3,050,548 | 1,908,955 | 5,337,061 | 8,109 | |
| \$ 236,420 | \$ 6,239,484 | \$ 26,237,328 | \$ 14,267,879 | \$ (9,811) | |

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

| | | | | | Fiscal - |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| General Fund | | | | | |
| Reserved | \$ 3,233,335 | \$ 3,169,453 | \$ 1,477,141 | \$ 4,455,303 | \$ 1,699,825 |
| Unreserved | 13,685,063 | 13,706,134 | 16,050,997 | 17,827,631 | 17,982,016 |
| Nonspendable | * | * | * | * | * |
| Assigned | * | * | * | * | * |
| Unassigned | * | * | * | * | * |
| Total general fund | <u>\$ 16,918,398</u> | <u>\$ 16,875,587</u> | <u>\$ 17,528,138</u> | <u>\$ 22,282,934</u> | <u>\$ 19,681,841</u> |
| All Other Governmental Funds | | | | | |
| Reserved | \$ 14,231,390 | \$ 13,607,759 | \$ 15,564,016 | \$ 13,942,519 | \$ 31,887,038 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 9,720,412 | 5,777,233 | 7,277,471 | 7,586,898 | 7,431,931 |
| Debt service fund | (68,569) | (56,320) | - | - | - |
| Capital projects funds | 7,353,593 | 11,191,461 | (981,248) | 4,195,354 | 7,875,448 |
| Permanent funds | 71,373 | 73,628 | 83,367 | 115,825 | 33,958 |
| Nonspendable | * | * | * | * | * |
| Restricted | * | * | * | * | * |
| Committed | * | * | * | * | * |
| Unassigned | * | * | * | * | * |
| Total all other governmental funds | <u>\$ 31,308,199</u> | <u>\$ 30,593,761</u> | <u>\$ 21,943,606</u> | <u>\$ 25,840,596</u> | <u>\$ 47,228,375</u> |

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

TABLE 3

| Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| 2009 | 2010 | 2011 | 2012 | 2013 | |
| \$ 4,864,701 | \$ 5,199,760 | \$ * | \$ * | \$ * | |
| 14,206,181 | 8,622,705 | * | * | * | |
| * | * | 868,631 | 5,613,359 | 6,646,278 | |
| * | * | 8,904,490 | 5,549,803 | 3,434,440 | |
| * | * | 6,139,306 | 9,371,016 | 8,806,171 | |
| <u>\$ 19,070,882</u> | <u>\$ 13,822,465</u> | <u>\$ 15,912,427</u> | <u>\$ 20,534,178</u> | <u>\$ 18,886,889</u> | |
| | | | | | |
| \$ 19,634,305 | \$ 24,404,656 | \$ * | \$ * | \$ * | |
| | | * | * | * | |
| 5,981,390 | 4,011,022 | * | * | * | |
| - | - | * | * | * | |
| 5,659,214 | (989,025) | * | * | * | |
| 35,550 | 33,273 | * | * | * | |
| * | * | 10,320,305 | 10,975,468 | 9,092,520 | |
| * | * | 18,010,570 | 31,362,126 | 30,738,046 | |
| * | * | 5,203,472 | 5,843,671 | 10,827,172 | |
| * | * | (377,363) | (429,344) | - | |
| <u>\$ 31,310,459</u> | <u>\$ 27,459,926</u> | <u>\$ 33,156,984</u> | <u>\$ 47,751,921</u> | <u>\$ 50,657,738</u> | |

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

| | 2004 | 2005 | 2006 | 2007 | Fiscal - 2008 |
|--|-----------------------|--------------------|-----------------------|---------------------|----------------------|
| Revenues | | | | | |
| Taxes | \$ 27,861,273 | \$ 29,430,135 | \$ 30,043,167 | \$ 32,526,525 | \$ 33,898,692 |
| Special assessments | 717,305 | 197,195 | 322,214 | 586,459 | 177,585 |
| Licenses and permits | 1,063,081 | 1,078,722 | 965,712 | 1,052,896 | 1,153,429 |
| Intergovernmental | 17,057,994 | 18,370,358 | 15,021,722 | 16,744,703 | 14,256,523 |
| Charges for services | 5,666,307 | 5,918,542 | 6,620,243 | 7,351,191 | 7,833,151 |
| Fines and forfeits | 241,572 | 267,536 | 204,201 | 158,360 | 188,603 |
| Investment earnings | 502,932 | 1,197,691 | 1,096,445 | 1,913,420 | 2,731,953 |
| Contributions | 345,415 | 306,809 | 246,908 | 1,168,463 | 6,134,002 |
| Gaming | 11,631,022 | 11,694,105 | 14,034,847 | 15,556,551 | 15,346,468 |
| Miscellaneous | 1,139,057 | 1,573,305 | 1,106,991 | 1,149,546 | 1,269,376 |
| Total revenues | <u>66,225,958</u> | <u>70,034,398</u> | <u>69,662,450</u> | <u>78,208,114</u> | <u>82,989,782</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Public safety | 16,764,510 | 18,652,246 | 19,535,369 | 20,743,196 | 21,542,661 |
| Public works | 10,723,527 | 21,301,239 | 11,605,567 | 12,506,378 | 16,331,107 |
| Health and social services | 721,906 | 662,231 | 715,598 | 783,209 | 797,644 |
| Culture and recreation | 7,470,264 | 8,180,832 | 9,998,462 | 10,244,244 | 10,277,787 |
| Community and economic development | 11,924,011 | 9,825,470 | 9,981,645 | 11,695,902 | 11,847,512 |
| General government | 4,227,335 | 4,022,785 | 4,090,866 | 4,441,043 | 6,310,939 |
| Debt service | | | | | |
| Principal | 2,117,773 | 1,769,960 | 1,325,970 | 1,663,339 | 1,762,375 |
| Interest | 1,304,802 | 1,240,427 | 1,493,504 | 1,412,012 | 2,406,431 |
| Capital projects | 6,865,119 | 8,226,840 | 14,528,340 | 8,227,257 | 15,351,848 |
| Total expenditures | <u>62,119,247</u> | <u>73,882,030</u> | <u>73,275,321</u> | <u>71,716,580</u> | <u>86,628,304</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,106,711</u> | <u>(3,847,632)</u> | <u>(3,612,871)</u> | <u>6,491,534</u> | <u>(3,638,522)</u> |
| Other Financing Sources (Uses) | | | | | |
| Issuance of bonds | - | - | 13,682 | 743,591 | 23,083,696 |
| Discount on bonds | - | (58,487) | - | - | (266,158) |
| Premiums on bonds | - | - | - | - | - |
| Issuance of refunding bonds | 795,000 | 7,277,665 | 1,515,750 | - | 2,965,000 |
| Payment to refunded bonds escrow agent | - | - | (1,494,371) | - | (2,875,000) |
| Transfers in | 8,662,300 | 12,981,655 | 7,334,605 | 10,394,726 | 14,801,589 |
| Transfers out | (15,060,669) | (16,105,184) | (11,904,890) | (11,789,548) | (18,185,109) |
| Insurance recovery | - | - | - | - | - |
| Sale of capital assets | 264,344 | 170,642 | 150,491 | 2,811,483 | 2,901,190 |
| Total other financing sources (uses) | <u>(5,339,025)</u> | <u>4,266,291</u> | <u>(4,384,733)</u> | <u>2,160,252</u> | <u>22,425,208</u> |
| Net change in fund balances | <u>\$ (1,232,314)</u> | <u>\$ 418,659</u> | <u>\$ (7,997,604)</u> | <u>\$ 8,651,786</u> | <u>\$ 18,786,686</u> |
| Debt service as a percentage of noncapital expenditures | 6.32 % | 5.46 % | 4.99 % | 5.01 % | 6.55 % |

TABLE 4

| Year | 2009 | 2010 | 2011 | 2012 | 2013 |
|------|---------------------|---------------------|---------------------|----------------------|---------------------|
| \$ | 34,454,146 | \$ 36,252,156 | \$ 40,428,894 | \$ 43,443,669 | \$ 45,440,973 |
| | 250,372 | 318,178 | 232,535 | 596,138 | 175,486 |
| | 1,088,386 | 1,115,472 | 1,170,922 | 1,570,022 | 1,271,771 |
| | 15,796,822 | 27,310,624 | 26,171,082 | 37,574,783 | 26,580,831 |
| | 8,029,189 | 8,063,284 | 8,723,086 | 9,296,329 | 8,952,179 |
| | 199,839 | 224,601 | 454,117 | 525,389 | 484,128 |
| | 2,206,382 | 1,348,615 | 654,587 | 1,511,437 | 180,016 |
| | 1,369,759 | 2,333,995 | 1,297,621 | 1,578,376 | 370,154 |
| | 9,627,391 | 8,209,761 | 13,327,223 | 8,785,453 | 8,452,298 |
| | 1,600,679 | 2,111,834 | 2,075,262 | 1,319,558 | 1,315,915 |
| | <u>74,622,965</u> | <u>87,288,520</u> | <u>94,535,329</u> | <u>106,201,154</u> | <u>93,223,751</u> |
| | | | | | |
| | 21,335,192 | 21,979,729 | 23,950,386 | 24,476,772 | 26,506,714 |
| | 14,261,551 | 19,251,625 | 14,429,415 | 12,385,929 | 13,416,108 |
| | 815,873 | 813,609 | 1,040,114 | 828,837 | 680,466 |
| | 12,227,506 | 14,909,517 | 11,279,951 | 10,873,474 | 11,218,019 |
| | 11,953,279 | 14,654,816 | 12,361,176 | 22,237,140 | 18,678,496 |
| | 5,836,839 | 6,368,308 | 7,686,929 | 6,335,947 | 5,035,108 |
| | | | | | |
| | 2,169,678 | 2,651,765 | 2,820,371 | 3,224,680 | 3,182,240 |
| | 3,095,166 | 3,145,735 | 3,321,157 | 3,220,546 | 3,991,115 |
| | 24,274,120 | 14,831,118 | 15,102,893 | 23,459,891 | 16,636,698 |
| | <u>95,969,204</u> | <u>98,606,222</u> | <u>91,992,392</u> | <u>107,043,216</u> | <u>99,344,964</u> |
| | | | | | |
| | <u>(21,346,239)</u> | <u>(11,317,702)</u> | <u>2,542,937</u> | <u>(842,062)</u> | <u>(6,121,213)</u> |
| | | | | | |
| | 5,905,000 | 4,722,176 | 6,996,722 | 27,215,363 | 6,577,268 |
| | (48,516) | (31,990) | (39,547) | (71,689) | - |
| | - | 554,796 | 1,642 | 123,990 | - |
| | - | 8,885,000 | 705,000 | - | 4,949,148 |
| | - | (9,405,000) | (690,000) | - | (4,949,148) |
| | 7,451,152 | 7,993,297 | 15,850,523 | 8,773,387 | 15,295,630 |
| | (9,084,228) | (10,562,137) | (18,961,892) | (18,336,603) | (16,981,203) |
| | - | - | 628,482 | 132,425 | 49,209 |
| | <u>593,956</u> | <u>62,610</u> | <u>753,153</u> | <u>2,221,877</u> | <u>2,438,837</u> |
| | <u>4,817,364</u> | <u>2,218,752</u> | <u>5,244,083</u> | <u>20,058,750</u> | <u>7,379,741</u> |
| \$ | <u>(16,528,875)</u> | <u>(9,098,950)</u> | <u>\$ 7,787,020</u> | <u>\$ 19,216,688</u> | <u>\$ 1,258,528</u> |
| | | | | | |
| | 7.68 % | 7.74 % | 8.49 % | 7.65 % | 8.57 % |

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

TABLE 5

| Levy Year | Fiscal Year | Real Property | | Exemptions | Total | | Total Taxable Value to Total Assessed Value | Total Direct Tax Rate |
|--------------|----------------|------------------|-------------------|------------------|------------------|-------------------|--|--------------------------|
| | | Taxable Value | Assessed Value | Real Property | Taxable Value | Assessed Value | Assessed Value | |
| 2002 | 2004 | \$ 1,572,776 | \$ 2,350,317 | \$ 9,694 | \$ 1,563,082 | \$ 2,350,317 | 66.51 % | \$ 10.27303 |
| 2003 | 2005 | 1,666,033 | 2,575,400 | 9,599 | 1,656,434 | 2,575,400 | 64.32 | 10.07200 |
| 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 |

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 |
|-----------|-------------|--------------|-------------------------|-------------------------------------|------------------|----------------|-------------|--------------------------------|
| 2002 | 2004 | \$ 10.27303 | \$ 13.84768 | \$ 0.61686 | \$ 0.57791 | \$ 5.59515 | \$ 30.91063 | 33.23 % |
| 2003 | 2005 | 10.07200 | 14.27491 | 0.57269 | 0.59804 | 6.08923 | 31.60687 | 31.87 |
| 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 |

Separate components of the Dubuque City Rate is as follows:

| Levy Year | Fiscal Year | General | Public Transit | Insurance | Employee Benefits | Debt Service | Total |
|-----------|-------------|------------|----------------|------------|-------------------|--------------|-------------|
| 2002 | 2004 | \$ 8.10000 | \$ 0.32633 | \$ 0.17342 | \$ 1.51270 | \$ 0.16058 | \$ 10.27303 |
| 2003 | 2005 | 8.10000 | 0.37993 | 0.20994 | 1.25424 | 0.12789 | 10.07200 |
| 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 |

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 | 2013 | | | 2004 | | |
|-------------------------------------|------------------------------|------|--|------------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Peninsula Gaming Company | \$ 56,784 | 1 | 1.63 % | \$ | | % |
| ITC Midwest LLC | 37,147 | 2 | 1.07 | | | |
| Kennedy Mall Inc. | 26,940 | 3 | 0.77 | 23,608 | 1 | 1.00 |
| Progressive Processing LLC (Hormel) | 21,397 | 4 | 0.62 | | | |
| Medical Associates Realty LLC | 18,815 | 5 | 0.54 | 20,952 | 2 | 0.89 |
| CenturyLINK | 18,745 | 6 | 0.54 | | | |
| Nordstrom Inc | 17,221 | 7 | 0.50 | 16,060 | 4 | 0.68 |
| McGraw-Hill Education LLC | 14,729 | 8 | 0.42 | 7,700 | 10 | 0.33 |
| Otto A. LLC | 14,100 | 9 | 0.41 | 17,532 | 3 | 0.75 |
| Platinum Holdings LLC | 11,588 | 10 | 0.33 | | | |
| Minglewood Limited Partnership | | | | 8,944 | 7 | 0.38 |
| Plaza 20 Inc. | | | | 10,034 | 6 | 0.43 |
| U.S. West Communications | | | | 10,393 | 5 | 0.44 |
| Wal-Mart | | | | 7,744 | 9 | 0.33 |
| American Trust & Savings Bank | | | | 8,663 | 8 | 0.37 |
| | <u>\$ 237,466</u> | | <u>6.83%</u> | <u>\$ 131,630</u> | | <u>5.60 %</u> |

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 (1) | Current Tax Collections | Percent of Current Taxes Collected | Delinquent Tax Collections | Total Tax Collections (2) | Total Tax Collections to Total Tax Levy | Outstanding Delinquent Taxes | Ratio of Delinquent Taxes to Total Tax Levy |
|-------------|-----------|--------------------|-------------------------|------------------------------------|----------------------------|---------------------------|---|------------------------------|---|
| 2004 | 2003 | 16,208 | 15,937 | 98.3 % | 11 | 15,948 | 98.4 % | 207 | 1.28 % |
| 2005 | 2004 | 16,408 | 16,383 | 99.8 | 20 | 16,403 | 100.0 | 196 | 1.19 |
| 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 | 18,670 | 98.3 | 5 | 18,675 | 98.3 | 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 | 21,313 | 21,339 | 100.1 | 1 | 21,341 | 100.1 | 185 | 0.87 |
| 2013 | 2012 | 22,789 | 22,749 | 100 | 7 | 22,755 | 100.0 | 182 | 0.80 |

(1) Excludes tax increment levy.

(2) 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 | | | | Other Loans Payable |
|----------------|--------------------------------|-------------------------------------|--|----|------------------------|
| | General Obligation Bonds | Tax Increment Financing Bonds | Tax Increment Financing Notes | | |
| 2004 | \$ 19,010,000 | \$ 3,820,394 | \$ 655,000 | \$ | - |
| 2005 | 24,902,241 | 3,450,820 | 622,211 | | - |
| 2006 | 24,036,627 | 3,040,304 | 590,439 | | - |
| 2007 | 22,870,646 | 2,594,831 | 1,279,885 | | - |
| 2008 | 21,752,907 | 24,879,116 | 1,279,885 | | - |
| 2009 | 25,941,693 | 24,363,262 | 1,169,684 | | 150,000 |
| 2010 | 27,887,864 | 24,449,674 | 1,049,696 | | 282,857 |
| 2011 | 32,561,048 | 23,037,222 | 1,931,348 | | 282,857 |
| 2012 | 53,087,811 | 22,258,283 | 1,767,664 | | 4,735,714 |
| 2013 | 56,517,165 | 21,920,537 | 1,235,903 | | 5,638,571 |

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

(1) Population and personal income data can be found in Table 17.

* Personal Income unavailable at report date.

TABLE 9

| Business-Type Activities | | | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|--------------------------------|--------------------------|------------------|---------------------------|--------------------------------|---|-------------------|
| General Obligation Bonds | Capital Loan Notes | Revenue Bonds | Other Loans Payable | | | |
| \$ 6,622,750 | - | \$ 1,350,000 | \$ - | \$ 31,458,144 | 1.85 % | \$ 545 |
| 8,037,594 | - | 1,150,000 | - | 38,162,866 | 2.16 | 662 |
| 11,428,712 | - | 940,000 | - | 40,036,082 | 2.15 | 694 |
| 10,895,593 | - | 720,000 | - | 38,360,955 | 2.00 | 665 |
| 11,384,371 | 611,977 | 490,000 | - | 60,398,256 | 3.03 | 1,047 |
| 14,448,770 | 3,914,076 | 1,434,713 | 390,890 | 71,813,088 | 3.59 | 1,245 |
| 23,957,802 | 8,289,621 | 1,115,430 | 371,978 | 87,404,922 | 4.25 | 1,515 |
| 25,254,652 | 33,195,408 | 6,777,793 | 2,252,109 | 125,292,437 | 5.37 | 2,174 |
| 35,108,003 | 61,957,749 | 6,521,188 | 331,235 | 185,767,647 | 7.65 | 3,223 |
| 34,921,131 | 75,415,431 | 6,260,299 | 309,304 | 202,218,341 | * | 3,508 |

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

TABLE 10

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Taxable Value of Property</u> | <u>Percentage of Taxable Value of Property</u> | <u>Assessed Value of Property</u> | <u>Percentage of Assessed Value of Property</u> | <u>Per Capita</u> |
|------------------------|---|--|--|---|---|-----------------------|
| 2004 | \$ 25,633 | \$ 1,563,082 | 1.64 % | \$ 2,350,317 | 1.09 % | \$ 444 |
| 2005 | 32,940 | 1,656,434 | 1.99 % | 2,575,400 | 1.28 % | 571 |
| 2006 | 35,456 | 1,700,472 | 2.09 % | 2,679,078 | 1.32 % | 615 |
| 2007 | 33,766 | 1,771,232 | 1.91 % | 2,804,568 | 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 |

**CITY OF DUBUQUE, IOWA
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2013**

TABLE 11

| <u>Jurisdiction</u> | <u>Net General Obligation Bonded Debt Outstanding (1)</u> | <u>Tax Increment Financing Bonds</u> | <u>Tax Increment Financing Notes</u> | <u>Capital Notes</u> | <u>Loans Payable</u> | <u>Percentage Applicable to City</u> | <u>Amount Applicable To Government</u> |
|-----------------------------------|--|---|---|---------------------------------|---------------------------------|---|---|
| Direct, City of Dubuque, Iowa | \$ 56,517,165 | \$ 21,920,537 | \$ 1,235,903 | \$ - | \$ 5,638,571 | 100.00 % | \$ 85,312,176 |
| Overlapping: | | | | | | | |
| Dubuque County | - | - | - | - | 281,791 | 0.06 % | 169 |
| Dubuque Community School District | - | - | - | 3,850,000 | - | 100.00 % | 3,850,000 |
| Northeast Iowa Community College | 57,595,000 | - | - | - | - | 0.02 % | 11,519 |
| Total Overlapping | 57,595,000 | - | - | 3,850,000 | 281,791 | | 3,861,688 |
| Total | \$ 113,717,022 | \$ 22,142,335 | \$ 1,235,903 | \$ 3,850,000 | \$ 5,920,362 | | \$ 89,173,864 |

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

(1) 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)

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|--|------------------|------------------|------------------|-------------------|
| Debit limit | \$ 117,516 | \$ 133,149 | \$ 138,789 | \$ 145,401 |
| Total net debt applicable to limit | <u>30,185</u> | <u>37,177</u> | <u>39,443</u> | <u>38,060</u> |
| Legal debit margin | <u>\$ 87,331</u> | <u>\$ 95,972</u> | <u>\$ 99,346</u> | <u>\$ 107,341</u> |
| Total net debt applicable to the debt limit as a percentage of debt limit | 25.69 % | 27.92 % | 28.42 % | 26.18 % |

TABLE 12

| <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 148,824 | \$ 163,621 | \$ 167,247 | \$ 174,333 | \$ 177,668 | \$ 181,668 |
| <u>60,485</u> | <u>76,182</u> | <u>101,152</u> | <u>92,443</u> | <u>142,316</u> | <u>143,303</u> |
| <u>\$ 88,339</u> | <u>\$ 87,439</u> | <u>\$ 66,095</u> | <u>\$ 81,890</u> | <u>\$ 35,352</u> | <u>\$ 38,365</u> |
| 40.64 % | 46.56 % | 60.48 % | 53.03 % | 80.10 % | 78.88 % |

Legal Debt Margin Calculation for Fiscal Year 2013

| | |
|---|-------------------------|
| Estimated actual value | <u>\$ 3,633,353,076</u> |
| Debt limit - 5% of total actual valuation | \$ 181,667,654 |
| Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund) | <u>\$ 143,302,946</u> |
| Legal debt margin | <u>\$ 38,364,708</u> |

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

TABLE 13

| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Revenue Available For Debt Service | Next Fiscal Year's Debt Service Requirements | | | Coverage (3) | | | | | | |
|----------------|------------------------------|----------------------------------|--|---|----------|-------|--------------|-----|----|-----|----|-----|-------|
| | | | | Principal | Interest | Total | | | | | | | |
| | | | | WATER UTILITY | | | | | | | | | |
| 2008 | \$ | 4,933 | \$ | 3,959 | \$ | 974 | \$ | 39 | \$ | 27 | \$ | 66 | 14.76 |
| 2009 | | 5,391 | | 5,196 | | 195 | | 104 | | 99 | | 203 | 0.96 |
| 2010 | | 5,353 | | 5,153 | | 200 | | 108 | | 79 | | 187 | 1.07 |
| 2011 | | 5,638 | | 5,316 | | 322 | | 496 | | 446 | | 942 | 0.34 |
| 2012 | | 6,087 | | 5,895 | | 192 | | 535 | | 455 | | 990 | 0.19 |
| 2013 | | 6,944 | | 5,391 | | 1,553 | | 432 | | 344 | | 776 | 2.00 |

STORMWATER UTILITY

STORMWATER CHIEF

| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Revenue Available For Debt Service | Next Fiscal Year's Debt Service Requirements | | | Coverage (3) |
|----------------|--------------------------|------------------------------|--|---|----------|-------|--------------|
| | | | | Principal | Interest | Total | |
| | | | | | | | |
| 2009 | 2,402 | 1,309 | 1,093 | 75 | 58 | 133 | 8.22 |
| 2010 | 2,357 | 1,320 | 1,037 | 132 | 110 | 242 | 4.29 |
| 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 | 1,175 | 266 | 279 | 545 | 2.16 |

SEWAGE DISPOSAL WORKS

| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Revenue Available For Debt Service | Next Fiscal Year's Debt Service Requirements | | | Coverage (3) |
|----------------|--------------------------|------------------------------|--|---|----------|-------|--------------|
| | | | | Principal | Interest | Total | |
| | | | | | | | |
| 2009 | 6,084 | 5,093 | 991 | - | 7 | 7 | 141.57 |
| 2010 | 5,995 | 5,331 | 664 | 144 | 128 | 272 | 2.44 |
| 2011 | 6,699 | 6,029 | 670 | 34 | 1,129 | 1,163 | 0.58 |
| 2012 | 7,892 | 7,018 | 874 | 1,719 | 1,443 | 3,162 | 0.28 |
| 2013 | 8,951 | 6,113 | 2,838 | 1,916 | 1,298 | 3,214 | 0.88 |

PARKING BONDS

| PARKING BONDS | | | | | | | |
|----------------|--------------------------|------------------------------|--|---|----------|-------|--------------|
| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Revenue Available For Debt Service | Next Fiscal Year's Debt Service Requirements | | | Coverage (3) |
| | | | | Principal | Interest | Total | |
| | | | | | | | |
| 2004 | 1,659 | 971 | 688 | 200 | 63 | 263 | 2.62 |
| 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.

(1) Total operating revenues (including interest).

(2) Total operating expenses exclusive of depreciation.

(3) Coverage is computed by dividing net revenue available for debt service by debt service.

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

TABLE 14

| <u>Fiscal Year</u> | <u>Water Receipts</u> | <u>Sewer Receipts</u> |
|--------------------|-----------------------|-----------------------|
| 2004 | \$ 4,350,338 | \$ 4,466,035 |
| 2005 | 4,340,789 | 4,478,205 |
| 2006 | 4,798,408 | 4,920,376 |
| 2007 | 4,856,353 | 5,276,454 |
| 2008 | 5,020,001 | 5,481,074 |
| 2009 | 5,358,419 | 5,821,251 |
| 2010 | 5,503,277 | 5,851,401 |
| 2011 | 5,871,246 | 6,672,890 |
| 2012 | 6,297,547 | 7,825,037 |
| 2013 | 7,077,986 | 8,688,996 |

Source: Cash basis receipt ledgers.

Note: Revenue includes penalties, investment earnings and sales tax collected and remitted to the State of Iowa.

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

TABLE 15

| <u>Fiscal Year</u> | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Government</u> | <u>Total</u> |
|--------------------|--------------------|-------------------|-------------------|-------------------|--------------|
| 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 |

*Prior two years information not available.

CITY OF DUBUQUE, IOWA
LARGEST WATER AND SEWER CUSTOMERS
FISCAL YEAR 2013

TABLE 16

| Customer | Water Receipts | Rank | Percentage of Total Water Receipts | | Sewer Receipts | Rank | Percentage of Total Sewer Receipts |
|----------------------------------|-------------------|------|--|--|-------------------|------|--|
| Rousselot | \$ 271,312 | 1 | 3.83 % | | \$ 556,882 | 1 | 6.41 % |
| Hormel | 144,510 | 2 | 2.04 | | 301,695 | 2 | 3.47 |
| Alliant Energy | 75,606 | 3 | 1.07 | | | | |
| Loras College | 68,366 | 4 | 0.97 | | 92,386 | 6 | 1.06 |
| Prairie Farms Dairy | 60,605 | 5 | 0.86 | | 152,794 | 4 | 1.76 |
| Water & Resource Recovery Center | 57,905 | 6 | 0.82 | | | | |
| Mercy Medical Center | 56,448 | 7 | 0.80 | | 98,388 | 5 | 1.13 |
| University of Dubuque | 55,620 | 8 | 0.79 | | 69,032 | 9 | 0.79 |
| Dubuque Community Schools | 54,154 | 9 | 0.77 | | 73,156 | 8 | 0.84 |
| Premier Linen & Dry Cleaning | 40,492 | 10 | 0.57 | | 83,437 | 7 | 0.96 |
| Inland Protein Corporation | | | | | 159,949 | 3 | 1.84 |
| Clarke University | | | | | 54,302 | 10 | 0.62 |
| Total Revenue | \$ 7,077,986 | | | | \$ 8,688,996 | | |

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

TABLE 17

| Year | Population | Personal Income | Per Capita Personal Income (1) | Median Age (2) | Public School Enrollment (3) | Unemployment Rate (4) |
|-------------|-------------------|----------------------------|---|-------------------------------|---|--------------------------------------|
| 2004 | 57,686 | \$ 1,704,563,614 | \$ 29,549 | 37 | 10,428 | 4.4 % |
| 2005 | 57,686 | 1,768,075,900 | 30,650 | 37 | 10,547 | 4.5 |
| 2006 | 57,686 | 1,862,680,940 | 32,290 | 37 | 10,733 | 3.5 |
| 2007 | 57,686 | 1,920,366,940 | 33,290 | 37 | 10,727 | 7.0 |
| 2008 | 57,686 | 1,994,262,706 | 34,571 | 38 | 10,614 | 3.8 |
| 2009 | 57,686 | 2,002,973,292 | 34,722 | 37 | 10,697 | 6.2 |
| 2010 | 57,686 | 2,055,640,610 | 35,635 | 37 | 10,517 | 4.0 |
| 2011 | 57,637 | 2,332,569,390 | 40,470 | 37 | 10,467 | 5.8 |
| 2012 | 57,637 | 2,428,016,262 | 42,126 | 37 | 10,513 | 5.2 |
| 2013 | 57,637 | * | * | 39 | * | 5.3 |

Data Sources:

- (1) U.S. Department of Commerce, Bureau of Economic Analysis.
- (2) Greater Dubuque Development Corporation.
- (3) Dubuque Community School District.
- (4) Iowa Department of Employment Services as of June 30.

* Unavailable at report date.

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

TABLE 18

| Employer | 2013 | | | 2006* | | |
|-------------------------------|---------------------------|-------------|--|---------------------------|-------------|--|
| | <u># of Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u># of Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| John Deere (2) | 2,400 | 1 | 4.44 % | 1,900 | 1 | 3.54 % |
| Dubuque Community Schools | 1,946 | 2 | 3.60 | 1,410 | 2 | 2.62 |
| IBM | 1,300 | 3 | 2.40 | | | |
| Medical Associates | 1,046 | 4 | 1.93 | 998 | 5 | 1.86 |
| Mercy Medical Center | 1,000 | 5 | 1.85 | 1,324 | 3 | 2.46 |
| Finley Hospital | 859 | 6 | 1.59 | 920 | 7 | 1.71 |
| City of Dubuque | 691 | 7 | 1.28 | 716 | 10 | 1.33 |
| Diamond Jo | 600 | 8 | 1.11 | | | |
| Eagle Window & Door | 550 | 9 | 1.02 | 950 | 6 | 1.77 |
| Prudential Retirement | 528 | 10 | 0.98 | | | |
| Flexsteel | | | | 750 | 9 | 1.40 |
| Heartland Financial USA, Inc. | | | | 760 | 8 | 1.41 |
| McCoy Group | | | | 1,200 | 4 | 2.23 |
| | <u>10,920</u> | | 20.18 % | <u>10,928</u> | | 20.34 % |

Source: Greater Dubuque Development Corp.

(1) Based on the percentage of total employment for Dubuque area from the U.S. Department of Labor, Bureau of Labor Statistics.

(2) Located just outside City limits.

*2004 and 2005 information unavailable.

CITY OF DUBUQUE, IOWA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/DEPARTMENT
LAST TEN FISCAL YEARS

| | 2004 | 2005 | 2006 | 2007 |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Public Safety | | | | |
| Emergency Communications | 10.00 | 10.00 | 11.00 | 11.00 |
| Fire | 90.00 | 90.00 | 90.00 | 90.00 |
| Police | 97.00 | 97.00 | 99.00 | 100.00 |
| Building Services | 7.00 | 7.00 | 7.00 | 7.00 |
| Public Works | | | | |
| Public Works | 87.30 | 88.55 | 87.00 | 87.00 |
| Engineering | 24.00 | 24.00 | 25.00 | 25.00 |
| Health & Social Services | | | | |
| Health Services | 5.00 | 5.00 | 5.00 | 5.00 |
| Human Rights | 2.00 | 2.00 | 3.00 | 3.00 |
| Cultural and Recreation | | | | |
| Civic Center | 9.15 | 9.15 | 1.15 | 0.15 |
| Library | 18.00 | 18.00 | 18.00 | 18.00 |
| Park | 21.92 | 21.92 | 21.92 | 21.92 |
| Recreation | 8.93 | 8.93 | 8.93 | 7.93 |
| Community & Economic Development | | | | |
| Community / Economic Dev | 3.00 | 3.00 | 3.00 | 3.00 |
| Housing Services | 20.00 | 21.00 | 21.00 | 20.25 |
| Planning Services | 7.00 | 7.00 | 8.00 | 8.00 |
| General Government | | | | |
| Airport | 13.00 | 13.00 | 13.00 | 13.23 |
| 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 | 10.00 | 10.00 | 11.00 | 11.00 |
| Finance | 15.00 | 14.00 | 14.00 | 14.00 |
| Legal | 2.00 | 2.00 | 2.62 | 3.00 |
| Information Services | 6.00 | 6.00 | 6.00 | 6.00 |
| Business Type | | | | |
| Water | 23.00 | 23.00 | 23.00 | 23.00 |
| *Water & Resource Recovery Center | 18.00 | 18.00 | 18.00 | 18.00 |
| Parking | 10.50 | 10.50 | 8.00 | 8.00 |
| Transit | 7.00 | 7.00 | 8.55 | 8.00 |
| Total | <u>519.80</u> | <u>521.05</u> | <u>518.17</u> | <u>516.48</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 19

| Full-Time Equivalent as of June 30 | | | | | |
|------------------------------------|--------|--------|--------|--------|--------|
| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| 11.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 |
| 90.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 |
| 101.00 | 108.67 | 110.84 | 113.34 | 114.25 | 115.00 |
| 7.00 | 8.00 | 8.00 | 9.00 | 9.00 | 9.00 |
| 87.00 | 88.00 | 87.42 | 87.42 | 87.42 | 86.17 |
| 25.00 | 26.00 | 26.00 | 27.00 | 27.00 | 29.00 |
| 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| 3.00 | 3.00 | 3.00 | 3.00 | 4.00 | 5.00 |
| 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 |
| 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 19.00 |
| 21.92 | 21.92 | 22.51 | 22.50 | 23.50 | 23.50 |
| 7.93 | 7.93 | 8.43 | 8.93 | 9.93 | 9.93 |
| 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 18.00 | 22.00 | 22.00 | 22.25 | 23.00 | 25.80 |
| 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 |
| 11.00 | 13.50 | 15.00 | 15.00 | 14.00 | 15.00 |
| 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 |
| 3.00 | 4.00 | 4.66 | 5.00 | 5.00 | 5.00 |
| 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.50 |
| 23.00 | 23.00 | 24.00 | 25.00 | 25.00 | 25.00 |
| 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 |
| 7.00 | 7.50 | 9.00 | 9.00 | 9.00 | 9.00 |
| 7.00 | 7.00 | 6.00 | 7.00 | 6.00 | 6.00 |
| 512.00 | 532.67 | 539.01 | 546.59 | 549.25 | 557.05 |

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

| | Fiscal Year | | | |
|--|-------------|------------|------------|------------|
| | 2004 | 2005 | 2006 | 2007 |
| Public Safety | | | | |
| Police | | | | |
| Physical arrests | 4,550 | 4,795 | 4,790 | 5,078 |
| Traffic violations | 2,427 | 2,171 | 8,398 | 6,842 |
| Parking violations | 49,985 | 51,004 | 46,575 | 42,530 |
| Fire | | | | |
| Number of calls answered | 4,181 | 4,300 | 4,176 | 4,454 |
| Inspections conducted | 408 | 1,135 | 409 | 360 |
| Sewer | | | | |
| Sewage system | | | | |
| Daily average treatment in gallons | 8,000,000 | 8,500,000 | 8,500,000 | 8,000,000 |
| Maximum daily capacity of treatment plant in gallons | 15,000,000 | 13,500,000 | 13,500,000 | 13,500,000 |
| Water systems | | | | |
| Daily average consumption in gallons | 8,000,000 | 7,720,000 | 8,057,000 | 7,950,000 |
| Maximum daily capacity of plant in gallons | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 |
| Refuse (Municipal Collection) | | | | |
| Tonnage | 10,330 | 10,428 | 10,573 | 10,807 |

Sources: Various City Departments.

Statistics updated for fiscal year 2006, 2007 & 2008.

TABLE 20

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------|------------|------------|------------|------------|------------|
| 5,090 | 6,325 | 6,365 | 6,350 | 6,319 | 6,106 |
| 6,881 | 8,801 | 8,901 | 12,289 | 11,836 | 12,089 |
| 40,741 | 36,457 | 37,056 | 35,799 | 34,910 | 35,516 |
| 4,699 | 4,480 | 4,557 | 4,844 | 5,307 | 4,792 |
| 624 | 443 | 1,035 | 555 | 589 | 512 |
| 10,310,000 | 7,981,000 | 9,068,000 | 8,132,000 | 7,817,000 | 10,987,000 |
| 13,500,000 | 21,131,000 | 21,131,000 | 23,240,000 | 23,240,000 | 23,240,000 |
| 7,812,000 | 7,845,000 | 7,684,000 | 7,636,000 | 7,226,000 | 6,953,000 |
| 17,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 |
| 11,798 | 10,774 | 10,615 | 10,660 | 11,180 | 10,535 |

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

| | Fiscal Year | | | |
|------------------------------------|-------------|--------|--------|--------|
| | 2004 | 2005 | 2006 | 2007 |
| Public safety | | | | |
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Patrol units | 18 | 19 | 19 | 19 |
| Fire | | | | |
| Stations | 6 | 6 | 6 | 6 |
| Aerial trucks | 3 | 3 | 3 | 3 |
| Public works | | | | |
| Streets | | | | |
| Miles (1) | 290 | 290 | 295 | 307 |
| Street lights (1) | 1,591 | 1,631 | 1,755 | 1,802 |
| Health and social services | | | | |
| Hospital | 2 | 2 | 2 | 2 |
| Number of patient beds | 560 | 421 | 421 | 405 |
| Cultural and recreation | | | | |
| Library | 1 | 1 | 1 | 1 |
| Golf | 1 | 1 | 1 | 1 |
| Parks | 42 | 44 | 44 | 47 |
| Acreage | 850 | 855 | 845 | 898 |
| Recreation | | | | |
| Civic center | 1 | 1 | 1 | 1 |
| Swimming pools | 2 | 2 | 2 | 2 |
| Softball fields | 7 | 7 | 7 | 8 |
| Baseball fields | 1 | 1 | 1 | 1 |
| Tennis courts | 20 | 20 | 19 | 19 |
| Sewer | | | | |
| Sewage system | | | | |
| Miles of sanitary sewer (1) | * | * | 263 | 286 |
| Miles of storm sewers (1) | * | * | 116 | 120 |
| Number of treatment plants | 1 | 1 | 1 | 1 |
| Number of service connectors | 21,000 | 21,000 | 21,443 | 21,568 |
| Water systems | | | | |
| Miles of water mains | 310 | 312 | 313 | 315 |
| Number of service connectors | 21,206 | 21,016 | 21,257 | 21,210 |
| Number of city owned fire hydrants | 2,736 | 2,770 | 2,780 | 2,798 |

Sources: Various City Departments.

(1) City GIS System

*Information not available

TABLE 21

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| 1 19 | 1 19 | 1 22 | 1 22 | 1 22 | 1 22 |
| 6 3 | 6 3 | 6 3 | 6 3 | 6 3 | 6 3 |
| 317 1,855 | 320 1,877 | 321 1,916 | 325 1,931 | 328 2,081 | 329 2,084 |
| 2 405 | 2 405 | 2 389 | 2 389 | 2 389 | 2 389 |
| 1 1 47 898 | 1 1 47 898 | 1 1 48 901 | 1 1 48 901 | 1 1 51 1,001 | 1 1 51 1,001 |
| 1 2 7 1 20 | 1 2 7 1 20 | 1 2 7 1 20 | 1 2 7 1 20 | 1 2 7 1 20 | 1 2 7 1 20 |
| 290 122 1 21,633 | 295 143 1 21,347 | 300 144 1 21,599 | 300 150 1 21,702 | 304 155 1 22,393 | 304 141 1 22,428 |
| 316 21,243 2,812 | 317 21,347 2,831 | 318 21,986 2,843 | 319 22,092 2,854 | 319.75 22,161 2,863 | 321.02 22,536 2,879 |

Compliance Section
June 30, 2013
City of Dubuque, Iowa



**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 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, 2013, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated January 15, 2014.

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.

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 a certain deficiency in internal control that we consider to be a material weakness.

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 2013-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.

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*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the 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 Response 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.



Dubuque, Iowa
January 15, 2014



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

To the 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, 2013. 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.

Opinion on Each Major Federal Program

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 each of its major Federal programs for the year ended June 30, 2013.

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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

Dubuque, Iowa
January 15, 2014

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

| Grantor/Program | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|--|-------------------------|
| U.S. Department of Housing and Urban Development: | | | |
| Direct program: | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | \$ 1,136,303 |
| Community Development Block Grants/Entitlement Grants | 14.218 | | <u>267,789</u> |
| | | | <u>1,404,092</u> |
| Pass-through program from: | | | |
| Iowa Department of Economic Development: | | | |
| Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 08-DRH-212 | 2,128,695 |
| Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 08-NSP-019 | <u>247,561</u> |
| | | | <u>2,376,256</u> |
| Direct program: | | | |
| Shelter Plus Care | 14.238 | | <u>62,301</u> |
| Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation | 14.856 | | <u>72,326</u> |
| Section 8 Housing Choice Vouchers | 14.871 | | 2,922,206 |
| Section 8 Housing Choice Vouchers | 14.871 | | 461,452 |
| Section 8 Housing Choice Vouchers | 14.871 | | <u>120,870</u> |
| | | | <u>3,504,528</u> |
| Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.900 | | <u>999,994</u> |
| Healthy Homes Production Grant Program | 14.913 | | <u>447,042</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>8,866,539</u> |

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

| Grantor/Program | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---------------------------------------|---------------------------|--|-------------------------|
| U.S. Department of the Interior | | | |
| Pass-through program from: | | | |
| Iowa Department of Natural Resources: | | | |
| Sportfishing and Boating Safety Act | 15.622 | CRD825MKONRA110303 | \$ 180,081 |
| U.S. Department of Justice: | | | |
| Direct program: | | | |
| Violence Against Women Formula Grants | 16.588 | | 2,697 |
| JAG Program Cluster: | | | |
| Direct program: | | | |
| Edward Byrne Memorial Justice | | | |
| Assistance Grant Program | 16.738 | | 16,148 |
| Edward Byrne Memorial Justice | | | |
| Assistance Grant Program | 16.738 | | 15,789 |
| Edward Byrne Memorial Justice | | | |
| Assistance Grant Program | 16.738 | | 24,907 |
| | | | 56,844 |
| Pass-through program from: | | | |
| Iowa Department of Justice: | | | |
| ARRA - Recovery Act - Edward Byrne | | | |
| Memorial Justice Assistance Grant | | | |
| (JAG) Program/Grants to States | | | |
| and Territories | 16.803 | 10JAG/ARRA-41940 | 42,538 |
| Total JAG Program Cluster | | | 99,382 |
| Total U.S. Department of Justice | | | 102,079 |
| U.S. Department of Transportation: | | | |
| Direct program: | | | |
| Airport Improvement Program | 20.106 | | 2,801,243 |
| Airport Improvement Program | 20.106 | | 1,257,352 |
| Airport Improvement Program | 20.106 | | 814,163 |
| Airport Improvement Program | 20.106 | | 339,597 |
| Airport Improvement Program | 20.106 | | 29,877 |
| Airport Improvement Program | 20.106 | | 29,416 |
| Airport Improvement Program | 20.106 | | 14,387 |
| | | | 5,286,035 |

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

| Grantor/Program | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|--|-------------------------|
| U.S. Department of Transportation: (continued) | | | |
| Pass-through program from: | | | |
| Iowa Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | HDP-2100-(655)-71-31 | \$ 691,715 |
| Highway Planning and Construction | 20.205 | STP-U-2100(643)--70-31 | 524,979 |
| Highway Planning and Construction | 20.205 | BROS-2100(659)--8J-31 | 164,846 |
| Highway Planning and Construction | 20.205 | STP-A-PA-27(4)86-31 | 81,471 |
| Highway Planning and Construction | 20.205 | SRTS-U-2100(663)--8U-31 | 54,189 |
| Highway Planning and Construction | 20.205 | STP-E-2100(623)--70-31 | 26,508 |
| Highway Planning and Construction | 20.205 | ESL-2100-(646)-7S-31 | 24,407 |
| Highway Planning and Construction | 20.205 | STP-U-2100(634)--70-31 | 14,714 |
| Highway Planning and Construction | 20.205 | STP-A-061-8(128)-22-31 | 12,750 |
| Highway Planning and Construction | 20.205 | UYC-11-001 | 5,018 |
| Highway Planning and Construction | 20.205 | HDP-2100-(661)-71-31 | 772 |
| | | | <u>1,601,369</u> |
| Federal Transit Cluster: | | | |
| Direct program: | | | |
| Federal Transit - Capital Investment Grants | 20.500 | | <u>411,240</u> |
| Federal Transit - Formula Grants | 20.507 | | 945,516 |
| Pass-through program from: | | | |
| Iowa Department of Transportation: | | | |
| Federal Transit - Formula Grants | 20.507 | IA-95-X003-210-10 | 63,535 |
| Federal Transit - Formula Grants | 20.507 | IA-95-X003-210-12 | 168,346 |
| | | | <u>1,177,397</u> |
| Total Federal Transit Cluster | | | <u>1,588,637</u> |
| Federal Services Programs Cluster: | | | |
| Pass-through program from: | | | |
| Iowa Department of Transportation: | | | |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities | 20.513 | IA-16-X002-210-13 | <u>31,180</u> |
| New Freedom Program | 20.521 | IA-57-009-210-13 | 87,539 |
| New Freedom Program | 20.521 | IA-57-X009-210-12 | 19,281 |
| | | | <u>106,820</u> |
| Total Federal Services Programs Cluster | | | <u>138,000</u> |

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

| <u>Grantor/Program</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|---|------------------------------------|---|---------------------------------|
| U.S. Department of Transportation: (continued) | | | |
| Direct program: | | | |
| Clean Fuels | 20.519 | | \$ 47,282 |
| State and Community Highway Safety | 20.600 | | 7,658 |
| State and Community Highway Safety | 20.600 | | 5,926 |
| | | | <u>13,584</u> |
| Total U.S. Department of Transportation | | | <u>8,674,907</u> |
| National Endowment for the Arts | | | |
| Direct Program: | | | |
| Promotion of the Arts - Grants to Organizations and Individuals | | | <u>100,000</u> |
| Environmental Protection Agency: | | | |
| Direct program: | | | |
| Climate Showcase Communities Grant Program | 66.041 | | <u>137,253</u> |
| Pass-through program from: | | | |
| Iowa Finance Authority: | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | CS-192427-01 | 11,246,025 |
| ARRA - Capitalization Grants for Clean Water State Revolving Funds | 66.458 | CS-192421-01 | 729,000 |
| | | | <u>11,975,025</u> |
| Total Environmental Protection Agency | | | <u>12,112,278</u> |
| U.S. Department of Energy: | | | |
| Direct program: | | | |
| ARRA - Energy Efficiency and Conservation Block Grant Program | 81.128 | | <u>5,303</u> |

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

| Grantor/Program | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---------------------------|--|-----------------------------|
| U.S. Department of Health and Human Services: | | | |
| Pass-through program from: | | | |
| Dubuque County, Iowa Health Department: | | | |
| Public Health Emergency Preparedness | 93.069 | 5882BT31 | \$ 2,271 |
| Public Health Emergency Preparedness | 93.069 | 5883BT31 | 1,991 |
| | | | <u>4,262</u> |
| Iowa Department of Public Health: | | | |
| Environmental Public Health and Emergency Response | 93.070 | 5883LP03 | <u>550</u> |
| Iowa Department of Human Services | | | |
| Substance Abuse and Mental Health Services | 93.243 | 5883CP12 | <u>2,560</u> |
| Total U.S. Department of Health and Human Services | | | <u>7,372</u> |
| Corporation for National and Community Service: | | | |
| Pass-through program from: | | | |
| Iowa Commission on Volunteers: | | | |
| AmeriCorps | 94.006 | 12-AC-13 | 158,485 |
| AmeriCorps | 94.006 | 11-AC-13 | 41,736 |
| | | | <u>200,221</u> |
| Iowa Economic Development | | | |
| Volunteer Generation Fund | 94.021 | 12-VGF-N6 | <u>4,301</u> |
| Total Corporation for National and Community Service | | | <u>204,522</u> |
| U.S. Department of Homeland Security: | | | |
| Pass-through program from: | | | |
| Iowa Department of Homeland Security: | | | |
| Disaster Grants - Public Assistance | 97.036 | FEMA DR-4018-IA | 71,377 |
| Hazard Mitigation Grant | 97.039 | HMPG-DR-1930-31-01 | 201,179 |
| Direct program: | | | |
| Assistance to Firefighters Grant | 97.044 | | 11,523 |
| Assistance to Firefighters Grant | 97.044 | | 28,960 |
| | | | <u>40,483</u> |
| Total U.S. Department of Homeland Security | | | <u>313,039</u> |
| Total | | | <u><u>\$ 30,566,120</u></u> |

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. 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.

Governmental 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. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

Note 2 - Subrecipients

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

| Program Title | Federal CFDA Number | Amount Provided to Subrecipients |
|---|---------------------------|--|
| Community Development Block Grants/Entitlement Grants | 14.218 | \$ 59,145 |

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

Financial Statements

| | |
|---|---------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | Yes |
| Significant deficiencies identified not considered to be material weaknesses | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a): | No |

Identification of major programs:

| <u>Name of Federal Program</u> | <u>CFDA Number</u> |
|---|--------------------|
| Community Development Block Grants/Entitlement Grants | 14.218 |
| Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.900 |
| Highway Planning and Construction | 20.205 |
| ARRA - Capitalization Grants for Clean Water State Revolving Funds | 66.458 |
| Dollar threshold used to distinguish between type A and type B programs: | \$916,984 |
| Auditee qualified as low-risk auditee? | No |

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESS

2013-A Material Audit Adjustment

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

Condition – During the course of our engagement, we proposed a material audit adjustment to net position balances 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. In addition, management's review of the balances was not performed before giving the balances to the auditors.

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

Recommendation – We recommend that finance staff continue to receive relevant training and that management review all documentation for use in preparing the financial statements timely.

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. Staffing will be reviewed in future budgets.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2013-IA-A Certified Budget – Functional disbursements during the year ended June 30, 2013, did not exceed the amount budgeted.

2013-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.

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

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

| Name, Title, and Business Connection | Transaction Description | Amount |
|--|----------------------------|------------|
| Joleen Murphy, employee, spouse is owner of Murphy Construction Group | Construction | \$ 201,919 |
| Anne Link, employee, spouse is owner of Link Hydraulic & Supply | Parts and supplies | 18,845 |
| Ric Jones, council member, owner of RJ Productions | Services | 1,850 |
| John Hefel, employee, spouse is owner of A Frame of Mind Framing & Gallery | Services | 1,004 |
| Andrew Fuerste-Henry, employee, brother is Philip Henry | Services | 50 |

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with A Frame of Mind Framing & Gallery and Phillip Henry do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. The transaction with Murphy Construction Group does not appear to be a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(3) (d) of the Code of Iowa. The transactions with Link Hydraulic & Supply and RJ Productions may represent a conflict of interest.

Recommendation – We recommend the City review the transactions with Link Hydraulic & Supply and RJ Productions with legal counsel.

Response –The transactions with Link Hydraulic and Supply and RJ Productions are being reviewed with legal counsel.

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

- 2013-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.
- 2013-IA-F Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2013-IA-G Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- 2013-IA-H Urban Renewal Annual Report** – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.
- 2013-IA-I Revenue Notes** – No instances of non-compliance with the sewer, water, or stormwater utility revenue note provisions were noted.
- 2013-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 2012 that were based on incorrect calculations.
- Recommendation** – The City has certified the needed corrections in the fall 2013. To minimize the likelihood of future errors, the City should implement additional controls over the management of its approximately \$150,000,000 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 on December 2, 2013. The TIF form is prepared from source documentation including general ledger reports, TIF development agreements and TIF debt amortization schedules; however this error occurred due to formula issues in the internal spreadsheet used to consolidate the source documentation. Due to time constraints from the State TIF report also being due on December 1, 2012, this error was not caught prior to filing. The internal spreadsheet has been corrected and the City will continue to prepare the TIF report from the source documentation used in the past.
- 2013-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.
- 2013-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.

There were no prior year federal findings.