

Fiscal Year Ended 2016
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



Dubuque Intermodal Transportation Center

About the Cover:

The recently constructed Dubuque Intermodal Transportation Center opened to the public in August 2016 in Dubuque's Historic Millwork District. This project, which serves over 8,000 transit passengers per month, is a collaboration between the Federal Transit Administration, Iowa Department of Transportation and City of Dubuque Transit and Parking Divisions to promote park and ride opportunities in the community. The Intermodal Center offers 292 vehicle parking spaces, secure bike storage, indoor waiting area, restrooms and outdoor seating for transit passengers. Office space is utilized by Transit Division employees and the site also features leased space for out-of-town bus service providers Burlington Trailways and Lamers Lines, each providing connections to destinations across the country.

This project provides a variety of transportation choices for residents of Dubuque and specifically those living in or near the Historic Millwork District. It replaces the on-street bus transfer area previously located on Iowa Street. The Intermodal Center improves bus traffic flow and provides a more comfortable environment and amenities for transit passengers and visitors to the community.

This project supports the redevelopment efforts in Dubuque's downtown, Washington Neighborhood and Historic Millwork District.

Photo by:
Candace Eudaley-Loebach

Cover design by:
Kelli Buchenau

Copy provided by:
Candace Eudaley-Loebach

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2016
City of Dubuque, Iowa**

Prepared by:
Department of Finance

THIS PAGE IS INTENTIONALLY LEFT BLANK

Introductory Section
June 30, 2016
City of Dubuque, Iowa

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF DUBUQUE, IOWA
TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		1-2
Letter of Transmittal		3-10
City Organizational Chart		11
Officials		12
Certificate of Achievement for Excellence in Financial Reporting		13
FINANCIAL SECTION		
Independent Auditor’s Report		17-19
Management’s Discussion and Analysis		21-30
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Position	1	32-33
Statement of Activities	2	34
Fund Financial Statements		
Balance Sheet – Governmental Funds	3	36-37
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3-1	39
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	40-41
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	4-1	43
Statement of Net Position – Proprietary Funds	5	44-47
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	6	48-49
Statement of Cash Flows – Proprietary Funds	7	50-53
Statement of Fiduciary Assets and Liabilities – Agency Funds	8	54
Notes to Financial Statements		55-106
Required Supplementary Information		
Schedule of Receipts, Expenditures, and Changes in Balances – Budget and Actual (Budgetary Basis) – Governmental Funds and Enterprise Funds		108
Note to Required Supplementary Information – Budgetary Reporting		109
Schedule of the City's Proportionate Share of Net Pension Liability – Iowa Employees' Retirement System		110
Schedule of City's Contribution – Iowa Employees' Retirement System		111
Notes to Required Supplementary Information – Net Pension Liability IPERS		112-113
Schedule of the City's Proportionate Share of Net Pension Liability – Municipal Fire and Police Retirement System of Iowa		114
Schedule of City's Contributions – Municipal Fire and Police Retirement System of Iowa		115
Notes to Required Supplementary Information – Net Pension Liability MFPRSI		116
Schedule of Funding Progress for the Retiree Benefit Plan		117
Combining Fund Statements		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	120-122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	124-126
Combining Statement of Net Position – Nonmajor Enterprise Funds	B-1	128
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds	B-2	129

CITY OF DUBUQUE, IOWA
TABLE OF CONTENTS

FINANCIAL SECTION (continued)	<u>Exhibit</u>	<u>Page</u>
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	B-3	130-131
Combining Statement of Net Position – Internal Service Funds	C-1	134-135
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit) – Internal Service Funds	C-2	136-137
Combining Statement of Cash Flows – Internal Service Funds	C-3	138-139
Combining Statement of Changes in Assets and Liabilities – Agency Funds	D-1	141
STATISTICAL SECTION (Unaudited)	<u>Table</u>	<u>Page</u>
Statistical Section Contents		145
Financial Trends		
Net Position by Component	1	146-147
Changes in Net Position	2	148-151
Fund Balances of Governmental Funds	3	152-153
Changes in Fund Balances of Governmental Funds	4	154-155
Revenue Capacity		
Taxable and Assessed Value of Property	5	156
Property Tax Rates – Direct and Overlapping Governments	6	157
Principal Property Taxpayers	7	158
Property Tax Levies and Collections	8	159
Debt Capacity		
Ratios of Outstanding Debt by Type	9	160-161
Ratios of General Bonded Debt Outstanding	10	162
Direct and Overlapping Governmental Activities Debt	11	163
Legal Debt Margin Information	12	164-165
Revenue Debt Coverage	13	166
Water and Sewer Receipt History	14	167
Water Meters by Rate Class	15	168
Largest Water and Sewer Customers	16	169
Sales Tax Increment Actual Receipts and Cumulative Sales Tax Balance Remaining		
Demographic and Economic Information		
Demographic and Economic Statistics	17	170
Principal Employers	18	171
Operating Information		
Full-Time Equivalent City Government Employees by Function/Department	19	172
Operating Indicators by Function/Program	20	174-175
Operating Indicators by Function/Program	21	176-177
Capital Asset Statistics by Function	22	178-179
Retail	23	180
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>		183-184
Independent Auditor's Report on Compliance with Requirements for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance		185-186
Schedule of Expenditures of Federal Awards		187-190
Notes to the Schedule of Expenditures of Federal Awards		191
Schedule of Findings and Questioned Costs		192-198
Summary Schedule of Prior Federal Audit Findings		199-200



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

December 21, 2016

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

The Comprehensive Annual Financial Report (CAFR) of the City of Dubuque, Iowa, for the fiscal year ended June 30, 2016, 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 2016. 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 provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 federal statutes, regulations, and the terms and conditions of federal awards are included in the Compliance Section of this report. The independent auditors' report is included in the Financial Section of this report.

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

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

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

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

PROFILE OF THE CITY

The City of Dubuque is located on the Mississippi River in northeast Iowa, adjacent to the states of Illinois and Wisconsin. Julien Dubuque, the city's namesake, first 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 a historic downtown, numerous examples of Victorian architecture, and a Civil War era shot tower, to expanding industrial parks, multiple retail centers, a revitalized riverfront, and two casinos, one with a pari-mutuel dog track. The City is also home to two Smithsonian-affiliated museums, the National Mississippi River Museum and Aquarium, and the Dubuque Museum of Art. 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 September 2016, the City's unemployment rate was 3.5% and the Dubuque County rate was 3.4%, both below the 3.7% state and 5.0% 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 city council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with three council members elected every two years. Four of the council members are elected within their respective wards; the mayor and the two remaining council members are elected at-large. The governing council is responsible for, among other things, setting policy, passing ordinances, adopting the budget, appointing committees, and hiring the city manager, city attorney, and city clerk. The city manager is responsible for overseeing the day-to-day operations of the government, making recommendations to the city council on the budget and other matters, appointing the heads of the government's departments, and hiring employees.

ECONOMIC CONDITION

Dubuque has a diverse employer base including manufacturing, software, health services, insurance, education, and government. The top 10 employers in the area employ less than 19% of the total workforce. This insulates the City from the negative impact on a downturn in any one area of the economy.

Several trade and business publications have recognized the community's efforts to diversify its economy. In fact, in July 2016, a new book was published highlighting Dubuque's economic success and diversification. The book, titled "*Growing Jobs, Transforming the Way We Approach Economic Development*," profiled Dubuque and Austin, Texas, as models of success. *Area Development* magazine named Dubuque one of the "Top 100 Leading Locations" for 2014, ranking it 21st in the U.S. Also in 2014,

Site Selection magazine named Dubuque the “Top Metro in the U.S.” among metros with populations of 50,000-200,000 for number of economic development projects. In August 2014, SmartAsset.com named Dubuque one of the “10 Best American Cities to Work in Technology.” This ranking was based on pay for tech workers, percentage of tech workers in the workforce (representing high levels of opportunity in the field), and a low cost of living indices. According to data from Iowa Workforce Development, 6.5% of Iowa’s non-farm employment growth over 2009-2015 time period occurred in Dubuque, which has just 3.2% of the state’s population. Most recently (2005-2016) Forbes.com named Dubuque one of the best places in America to climb the economic ladder to success.

Industrial:

The City’s continual development in its industrial parks has not only attracted new industries but, just as importantly, retained existing businesses.

Dubuque Industrial Center West (DICW)

Over 550 saleable acres were acquired in 1997. The DICW comprises 21 local businesses expansions and four new businesses. Most recently, in the south portion of the park, Rite Hite is adding 138,000 square-feet to their current 193,500 square-foot building. This new addition is expected to add 35 new jobs by 2021.

Dubuque Industrial Center South (DICS)

The newest development in the Dubuque Industrial Center South was opened in November 2013 and contains 76.16 available acres. TriState Quality Metals was the first business to relocate to DICS from its 10,000 square-foot operations in Peosta, Iowa. TriState constructed a 44,000 square-foot facility and increased its workforce by 27 jobs. Roasting Solutions, LLC (dba Verena Street Coffee) recently constructed a 34,000 square-foot facility. The company invested over \$7 million in plant and equipment and plans to add 10 new full-time workers by 2020, bringing their total employment to 17 full-time positions. Verena Street Coffee, which just began operations in 2010, now supplies over 700 grocery stores and wholesales in Iowa, Illinois, Minnesota, and Wisconsin.

Dubuque Technology Park

Located on the south side of the city is a 100-acre park designed to accommodate growing office businesses. Eight businesses are currently located in the park. In 2015, Rockfarm Holdings completed construction of their new 14,000 square-foot headquarter office building. In August 2016, Kunkel & Associates completed a \$2.5 million expansion which added an extra 10,000 square-feet to the company’s current Dubuque facility and created 16 new jobs.

Commercial and Retail:

Downtown Development

Over \$100 million has been invested in the downtown area where more than 9,000 people work. Over 500 IBM employees work on three renovated floors of the nine-story Roshek Building. Heartland Financial relocated existing staff to the third floor. In April 2016, Cottingham & Butler announced plans to renovate the fifth floor of the building and add 90 new jobs. A major remodel is also underway to house RSM US LLC’s Dubuque workforce.

Historic Millwork District

The Schmid Innovation Center, a \$33 million private renovation project received \$8.9 million in CDBG funds to develop workforce housing. The 72-unit residential project was completed in September 2012. Nonprofits moved into the basement space while multiple commercial tenants fully occupy the first floor. The first floor is 100% occupied. Gigantic Design opened its new headquarters in the complex in 2016. The \$32 million renovation and the creation of 76 residential units in the nearby Novelty Iron Works has been completed. The Linseed Oil Building renovation, completed in 2015, includes 16 apartments.

Commercial Development

2016 was an exceptional year for commercial development as many businesses broke ground on new projects in Dubuque. Ashley Furniture Store constructed a 38,000 square-foot store off the Northwest Arterial and Laundry Max, a 4,160 square-foot laundromat, is under construction on the corner of Grandview and University Avenue. Truck Country, a long-time Dubuque business, completed their new 53,127 square-foot complex in Key West just off Hwy 61/151 south. Additionally, Foodliner and McCoy Group intend to start the renovation work of the previous Truck Country facility, renovating portions of this structure to accommodate additional office space. Walmart submitted plans for an extensive interior and exterior renovation and updates to the existing space with a construction value around \$1 million. The Plaza 20 retail center has also submitted plans to add three new commercial buildings totaling of 50,000 square-feet. Currently, a 15,000 square-foot building is under permit for the first phase of this project.

New restaurants that are under construction or recently opened are Chick-Fil-A, Popeye's, Chipotle Grill, Devil's Pit, Five Guy's Burgers, Smoke Stack, and The Dungeon. Site plan reviews are underway for a Wacker Plaza addition which may include Caribou Coffee and Pepperjack.

Construction of a 54-room Marriot TownPlace Suite extended-stay hotel is slated to start in the spring of 2017 and open in spring of 2018. The four-story hotel will be in the Historic Millwork District and is being designed to model the existing architecture in the area.

Health Services:

UnityPoint-Health Finley Hospital has completed a \$42 million, three-story, 70,000 square-foot addition that houses the Finley Heart and Vascular Center, and new emergency and surgery departments. Finley Hospital also opened a new family practice office on the west side of town. Mercy Hospital started an interior renovation in 2016 for switchboard and emergency room renovations and updates to its the medical lab facility.

Education:

Senior High School began construction on two large additions to the existing school along with extensive interior renovation work. There is an additional gymnasium being constructed on one addition and a three-story addition, consisting of a cafeteria and a new library, in the existing courtyard. Wahlert High School is undergoing an interior renovation and will be replacing and modifying the existing roof structure. Clarke University remodeled its Science Food Lab and the University of Dubuque is constructing a Green House.

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

- The National League of Cities (NLC) selected Dubuque for its first place award in the 2016 NLC City Cultural Diversity Awards to the City of Dubuque for the City's support of Inclusive Dubuque and its efforts to develop a community equity profile. (March 2016)
- In May 2015, Dubuque became the third Iowa community and the 25th in the nation to achieve certification under the national STAR Community Rating System, a sustainability rating system which evaluates communities based on a range of different aspects: built environment; climate and energy; economy and jobs; education, arts and community; health and safety; and natural systems.

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 residents and stakeholders of Dubuque within the budget guidelines set by the mayor and city council.

The Dubuque Regional Airport opened its new 35,000 square-foot passenger terminal on June 9, 2016. The completion of the terminal project follows several years of significant commercial airline growth by American Airlines in Dubuque. Nationally, the Federal Aviation Administration (FAA) states the average growth rate is two percent. Dubuque grew by seven percent in 2015, 6.8 percent in 2014, and 3.8 percent in 2013 – far exceeding the national average. The new facility will allow the community to continue to grow well into the future and was designed with the capability to expand when needed. The new terminal also has the enticement of free parking for all travelers. All projects were completed six months ahead of schedule and under budget. The airport was informed that, in terms of overall airport activity, it was the second-busiest airport in the state of Iowa for 2015. This activity includes general aviation, agricultural, business aircraft, airline, and military traffic. The airport also hosted the North American Trainer's Association for their tenth visit to the Dubuque area. Airport staff hosted the Iowa Public Airports Association annual conference and exposition at the Grand River Center and the airport. This was the first time in decades the event was held outside of Des Moines.

The University of Dubuque's Flight Operation Center is also located at the Dubuque Regional Airport. The Flight Operations program includes courses ranging from private pilot through commercial pilot with instrument and multi-engine ratings, each supported by an appropriate ground school. The University of Dubuque Aviation Program is currently using 15 new C172S aircraft to complete training requirements in the Private Pilot, Instrument Rating, Commercial Pilot and Flight Instructor training course outlines.

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's \$219 million Bee Branch Watershed Flood Mitigation Project is a 20-year, multi-phased investment to mitigate flooding, improve water quality, stimulate investment, and enhance quality of life within the Bee Branch Watershed.

As part of the Bee Branch project, the City will convert 240 alleys in the Bee Branch Watershed to "green alleys" which feature permeable concrete pavers. These specially designed pavers allow water to pass through the surface and filter into the soil below. The green alleys are expected to reduce the amount of storm water run-off in the watershed by up to 80 percent and prevent flooding. In addition to reducing storm water run-off, the green alleys will replenish ground water and help prevent pollutants on roadways from running off into the storm sewer system, and ultimately, the Mississippi River. As of fall 2016, more than 70 alleys have been completed.

The July, the City of Dubuque's Public Transit Division, completed its \$12 million Intermodal Transportation Center in the Historic Millwork District in spring of 2016. This facility provides vital transportation connections required for the success of existing investments and will be instrumental in leveraging additional investments required to achieve the long-term goals for downtown Dubuque. The centralized transportation hub connects automobile, bus, and pedestrian traffic, while increasing demand for alternative transportation modes. Dubuque County and the Dubuque Community School District will benefit from the center, as it provides various transportation options for Millwork District and Washington Neighborhood residents, as well as visitors and downtown employees, spurring economic development in the district. Part of the project was funded with an \$8 million grant from the U.S. Federal Transit Administration. A \$4.2 million renovation of the nearby former public works building will house the bus maintenance center and is scheduled to begin in 2017.

The Jule was recognized by the Federal Transit Administration, Region 7 Office, for the largest percent increase in ridership for urban transit systems in Iowa with a 15.4 percent increase from fiscal year 2014 to 2015. Transit ridership has increased 26 percent, or over 150,000 rides, in the last five years. This year, the Jule continues its trend of annual growth. The 553,387 total ridership in fiscal year 2016 consists of a 14,786 ride increase in fixed-route ridership even with the \$100,000 reduction in operating costs from combining low ridership routes in August 2015.

In 2013, the City of Dubuque and the Dubuque Metropolitan Area Transportation Study (DMATS) successfully negotiated a Memorandum of Understanding with the Iowa Department of Transportation (Iowa DOT) for the transfer of jurisdiction of the Southwest Arterial/US52 project. The Iowa DOT, DMATS, Dubuque County, and the City of Dubuque have budgeted over \$159 million to build the Southwest Arterial over the next five years with a preliminary two-lane design scheduled for completion in 2019. Following the completion of the Southwest Arterial, the project has the potential to generate \$80 million in property taxes, \$1.67 billion in economic output, \$653 million in labor income, and \$1.02 billion in value added from 2021 to 2030. The Southwest Arterial will also annually generate \$135 million in state and local taxes and \$130 million in federal tax from new economic development, as well as save \$30 million in vehicle and property damage for the 10-year period. This project will also generate \$16 million in property tax, \$304 million in economic output, \$24 million in state and local taxes, and \$24 million in federal taxes due to economic development, in addition to \$3 million in safety savings from 2030 onward. Side benefits include removing over 500 commercial vehicles a day from downtown streets and encouraging redevelopment on Central Avenue and White Street. Almost 1,000 trucks per day will be removed from US Highway 20/Dodge Street. Additional traffic will be removed from Kelly Lane, Fremont Avenue, Cedar Cross Road, Rockdale Road, and other residential streets.

For the Future. The mayor and city council will continue to take action to achieve their goals of maintaining a strong local economy, sustaining stable property tax levies, and enhancing the safety and security of residents through neighborhood vitality. City staff will work to implement the city council's vision for Dubuque. 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.

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

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

Cash Management: Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, federal agency obligations, and authorized mutual funds. The City (including DMASWA) received cash basis investment earnings of \$814,172 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 \$162,874 net position as of June 30, 2016. 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 \$2,005,595 as of June 30, 2016. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

Bond Rating: Moody's Investor Service assigned a Aa3 rating on the Series 2016 A, B and C bonds, which reflects the City's sizable tax base and role as a regional economic center in northeastern Iowa; a trend of strong employment growth which is projected to continue; recent declines in fund balance and cash reserves which are expected to stabilize at healthy levels going forward; high debt burden with additional borrowing planned; and moderate exposure to unfunded pension liabilities. In October of 2016, Moody's upgraded the 2015A bond to an A2 from an A3 rating. The notching reflects the City's adequate debt service coverage provided by the pledged sales tax revenue and their expectation to provide coverage of 2.5 times the maximum annual debt service. 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, 2015. This was the 28th 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, 2016. 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 11th consecutive year that the City has achieved this prestigious award. This award is valid for a period of one year.

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

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

Sincerely,

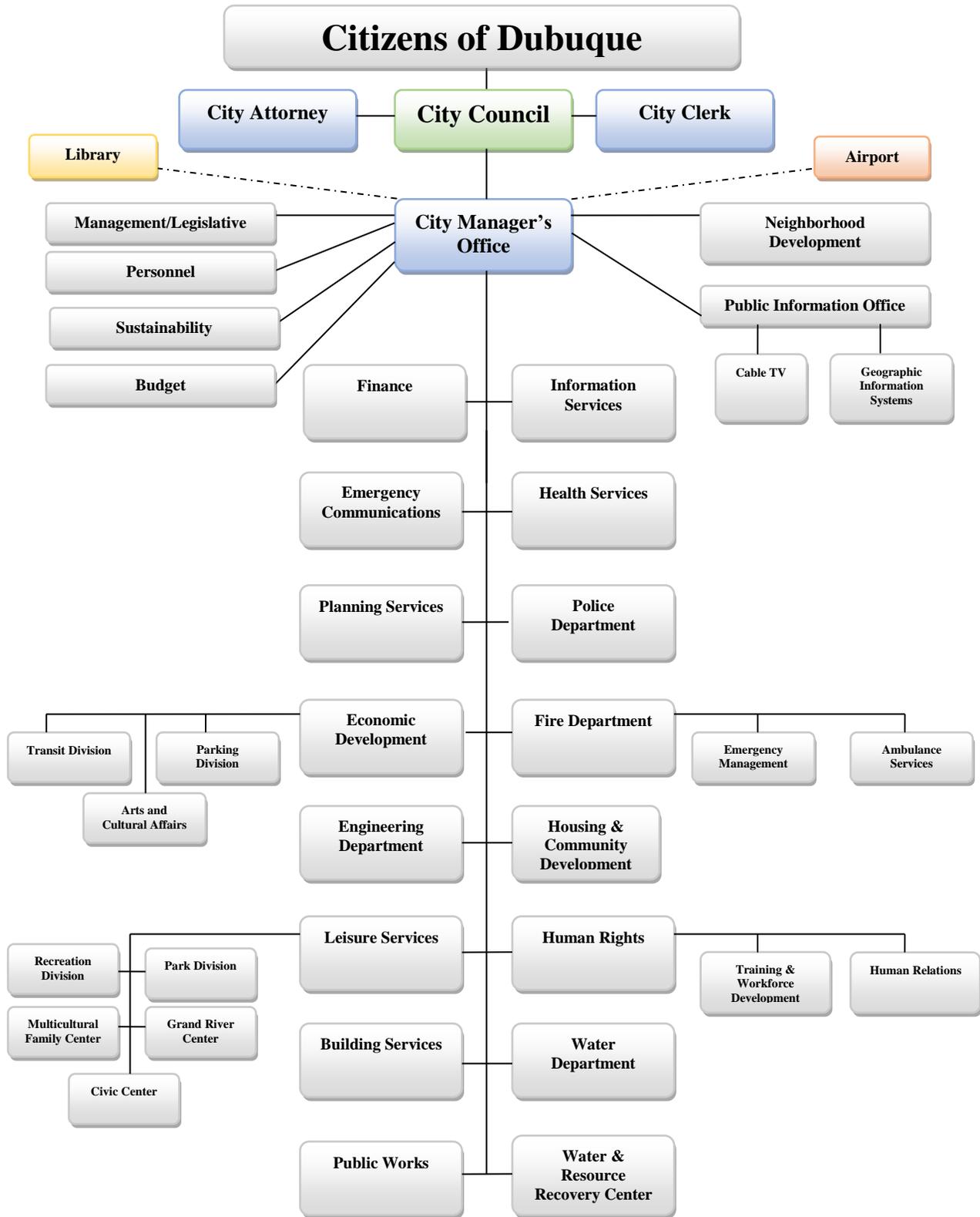


Michael C. Van Milligen
City Manager



Jean M. Nachtman, CPA, CPFO
Finance Director

CITY OF DUBUQUE ORGANIZATIONAL CHART



Elected by the Citizens of Dubuque

Appointed by the City Council

Appointed by the Library Board of Trustees

Appointed by the Airport Commission

CITY OF DUBUQUE, IOWA
OFFICIALS
JUNE 30, 2016

CITY COUNCIL

Roy D. Buol	Mayor
Ric W. Jones	Council Member – At Large
David T. Resnick	Council Member – At Large
Kevin J. Lynch	Council Member – 1st Ward
Luis Del Toro	Council Member – 2nd Ward
Joyce E. Connors	Council Member – 3rd Ward
Jake A. Rios	Council Member – 4th Ward

COUNCIL APPOINTED OFFICIALS

Michael C. Van Milligen	City Manager
Barry A. Lindahl	City Attorney
Crenna M. Brumwell-Sahm	Assistant City Attorney
Maureen A. Quann	Assistant City Attorney
Kevin S. Firmstahl	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
Todd M. Carr	Building Services Manager
Gus N. Psihoyos	City Engineer
Maurice S. Jones	Economic Development Director
Jean M. Nachtman	Finance Director
Rick A. Steines	Fire Chief
Mary Rose Corrigan	Health Services Manager
Alvin L. Nash	Housing and Community Development Manager
Kelly R. Larson	Human Rights Director
Randall K. Peck	Personnel Manager
Christine A. Kohlmann	Information Services Manager
Marie L. Ware	Leisure Services Manager
Susan A. Henricks	Library Director
John L. Klostermann	Public Works Director
Laura B. Carstens	Planning Services Manager
Mark M. Dalsing	Police Chief
Robert M. Green	Water Department Manager
William J. O'Brien	Water & Resource Recovery Center Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Dubuque
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

THIS PAGE IS INTENTIONALLY LEFT BLANK

Financial Section
June 30, 2016
City of Dubuque, Iowa

THIS PAGE IS INTENTIONALLY LEFT BLANK



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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Dubuque Initiatives and Subsidiaries, which represent 73 percent, 70 percent, and 39 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dubuque Initiatives and Subsidiaries, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Dubuque Initiatives and Subsidiaries and Dubuque Convention and Visitors Bureau, discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of June 30, 2016, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dubuque, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 21, 2016, on our consideration of the City of Dubuque, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
December 21, 2016

THIS PAGE IS INTENTIONALLY LEFT BLANK

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements found in the next section of this report.

FINANCIAL HIGHLIGHTS

- The net position of the City of Dubuque increased to \$501,793,953 compared to net position of \$472,356,199 for fiscal year 2015.
- Governmental program revenues increased by \$12,695,366 from fiscal year 2015. The largest portion of the increase is the higher grants reimbursement for the new terminal parking at the airport and for the SouthWest Arterial project.
- The City's business type activities program revenues decreased \$354,144. Charges for services increased \$2,985,596. Water (10%), sewer (10%), stormwater (7%), and refuse (5%) rates were increased in fiscal year 2016. Grant reimbursements for construction of the new Intermodal Facility decreased as the project neared completion while grant reimbursements for the Bee Branch project increased.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The government-wide financial statements include not only the City itself (known as the primary government), but also three other legally separate entities (known as component units), the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), Dubuque Initiatives (DI) and Subsidiaries, and the Dubuque Convention and Visitors Bureau (CVB) for which the City of Dubuque is considered financially accountable. Financial information for DMASWA, DI, and CVB are reported separately from the financial information presented for the primary government. The Dubuque Metropolitan Area Solid Waste Agency, Dubuque Initiatives and Subsidiaries, and Dubuque Convention and Visitors Bureau issue separate financial statements. Dubuque Initiatives and Subsidiaries' financial statements are prepared on a calendar year basis while the Dubuque Metropolitan Area Solid Waste Agency's and Dubuque Convention and Visitors Bureau'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, 2016**

The City maintains four 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, street construction fund, and debt service fund, all of which are considered to be major funds. Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City legally adopts an annual budget by function. A budgetary comparison schedule has been provided.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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

CITY OF DUBUQUE'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 95,997,489	\$ 93,298,918	\$ 46,385,321	\$ 56,877,806	\$ 142,382,810	\$ 150,176,724
Capital assets	411,932,115	392,392,426	312,026,175	271,529,923	723,958,290	663,922,349
Total assets	<u>507,929,604</u>	<u>485,691,344</u>	<u>358,411,496</u>	<u>328,407,729</u>	<u>866,341,100</u>	<u>814,099,073</u>
Deferred outflows of resources	8,309,113	7,605,182	811,944	768,132	9,121,057	8,373,314
Long-term liabilities	125,242,041	120,426,392	185,823,575	165,817,987	311,065,616	286,244,379
Other liabilities	16,658,669	14,310,233	14,609,023	10,229,278	31,267,692	24,539,511
Total liabilities	<u>141,900,710</u>	<u>134,736,625</u>	<u>200,432,598</u>	<u>176,047,265</u>	<u>342,333,308</u>	<u>310,783,890</u>
Deferred inflows of resources	30,786,633	37,918,563	548,263	1,413,735	31,334,896	39,332,298
Net position:						
Net investment in capital assets	369,244,904	348,173,267	161,326,743	148,487,126	530,571,647	496,660,393
Restricted	21,473,309	22,047,405	4,254,907	7,796,668	25,728,216	29,844,073
Unrestricted	(47,166,839)	(49,579,334)	(7,339,071)	(4,568,933)	(54,505,910)	(54,148,267)
Total net position	<u>\$ 343,551,374</u>	<u>\$ 320,641,338</u>	<u>\$ 158,242,579</u>	<u>\$ 151,714,861</u>	<u>\$ 501,793,953</u>	<u>\$ 472,356,199</u>

Net position of the governmental activities increased \$22,910,036 over fiscal year 2015 balance of \$320,641,338. Grant revenues increased \$12.1 million. The majority of the increase was made up of an increase of \$4.2 million in grant revenues for the newly completed Airport terminal and an increase of \$5.7 million in grant revenues for the Southwest Arterial project.

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Net position for the business-type activities increased \$6,527,718 over fiscal year 2015 of \$151,714,861. Charges for services increased \$2,985,596. The increase in charges for services revenue reflects the increase in water, and sewer rates by 10% and the 5% increase in refuse and 7% increase in stormwater rates. Grants and contributions decreased \$2.6 million, this was due to a decrease in transit grants.

A portion of the City's net position \$25,728,216 or 5.1% represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal year 2016, 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. The City has recorded a \$1.6 million payable for settlement of the WCS lawsuit in relation to excavation work at the airport. The settlement is expected to be paid in full by July 1, 2017. Business type activities negative unrestricted results from storm water capital projects completed in fiscal year 2016 of which \$1.9 million were covered under the State Revolving Loan fund proceeds received in fiscal year 2017.

Governmental activities. Taxes are the largest source of governmental revenues with property taxes of \$36,518,506 in 2016. Other governmental revenues included gaming \$8,440,161, local option sales taxes \$9,155,411, and charges for services \$15,088,466.

Governmental operating expenses during 2016 totaled \$87,665,252. The largest programs were public safety of \$26,851,624, public works of \$24,323,023, community and economic development of \$15,464,781, and culture and recreation of \$12,993,331.

Business-type activities. Business-type activities increased net position by \$6,527,718 in fiscal year 2016 compared to fiscal year 2015 net position of \$151,714,861. Operating revenue increased \$2,986,422. Water's supplies and services expenses were lower in fiscal year 2016 than fiscal year 2015, due to fewer water main breaks and completing many of the repairs in house rather than contracting the work out. Transit also had a large decrease in supplies and services due to no longer contracting a portion of the labor out to ECIA. Intergovernmental revenue decreased \$8,909,813; of which, \$5 million was a decrease FTA capital grant for the Intermodal Transportation Center, the project was completed. There was an increase of \$1.8 million in intergovernmental revenues in the Stormwater fund largely due to an increase in grant revenues in relation to the Bee Branch project.

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 15,088,466	\$ 14,665,456	\$ 31,971,251	\$ 28,985,655	\$ 47,059,717	\$ 43,651,111
Operating grants and contributions	15,301,219	11,992,439	1,648,077	1,866,535	16,949,296	13,858,974
Capital grants and contributions	18,667,619	9,704,043	7,607,721	10,020,715	26,275,340	19,724,758
General revenues						
Property taxes	36,518,506	36,277,719	-	-	36,518,506	36,277,719
Local option sales tax	9,155,411	8,760,246	-	-	9,155,411	8,760,246
Hotel/motel tax	2,128,042	2,623,551	-	-	2,128,042	2,623,551
Utility franchise fees	4,360,107	2,828,688	-	-	4,360,107	2,828,688
Gaming	8,440,161	7,397,709	-	-	8,440,161	7,397,709
Unrestricted investment earnings	1,082,165	668,134	407,528	185,356	1,489,693	853,490
Gain on sale of capital assets	813,492	19,495	102,824	6,571	916,316	26,066
Total revenues	<u>111,555,188</u>	<u>94,937,480</u>	<u>41,737,401</u>	<u>41,064,832</u>	<u>153,292,589</u>	<u>136,002,312</u>
Expenses:						
Public safety	26,851,624	25,525,937	-	-	26,851,624	25,525,937
Public works	24,323,023	19,207,837	-	-	24,323,023	19,207,837
Health and social services	967,936	928,968	-	-	967,936	928,968
Culture and recreation	12,993,331	13,002,690	-	-	12,993,331	13,002,690
Community and economic development	15,464,781	18,064,831	-	-	15,464,781	18,064,831
General government	4,101,423	6,420,173	-	-	4,101,423	6,420,173
Interest on long-term debt	2,963,134	3,903,667	-	-	2,963,134	3,903,667
Sewage disposal works	-	-	12,817,669	12,019,866	12,817,669	12,019,866
Water utility	-	-	6,483,229	7,800,393	6,483,229	7,800,393
Stormwater utility	-	-	5,021,523	4,131,562	5,021,523	4,131,562
Parking facilities	-	-	3,420,296	3,383,419	3,420,296	3,383,419
America's River Project	-	-	21,521	24,000	21,521	24,000
Refuse collection	-	-	3,968,761	3,740,404	3,968,761	3,740,404
Transit system	-	-	4,274,967	4,245,823	4,274,967	4,245,823
Salt	-	-	181,617	244,691	181,617	244,691
Total expenses	<u>87,665,252</u>	<u>87,054,103</u>	<u>36,189,583</u>	<u>35,590,158</u>	<u>123,854,835</u>	<u>122,644,261</u>
Increase (decrease) in net position before extraordinary item and transfers	23,889,936	7,883,377	5,547,818	5,474,674	29,437,754	13,358,051
Transfers	(979,900)	(7,288,593)	979,900	7,288,593	-	-
Increase (decrease) in net position	22,910,036	594,784	6,527,718	12,763,267	29,437,754	458,998,508
Net position, beginning	320,641,338	320,046,554	151,714,861	138,951,954	472,356,199	458,998,508
Net position, ending	<u>\$ 343,551,374</u>	<u>\$ 320,641,338</u>	<u>\$ 158,242,579</u>	<u>\$ 151,714,861</u>	<u>\$ 501,793,953</u>	<u>\$ 472,356,199</u>

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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

The City's governmental funds reported a combined fund balance of \$53,612,468 at June 30, 2016. \$6,532,932 is in nonspendable for inventory, advances to other funds, receivables, and prepaid items. \$69,412 is nonspendable endowment corpus. \$27,450,187 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 \$7,635,502 for capital improvements. \$1,015,938 is assigned for capital improvements and equipment. This leaves \$10,908,497 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 increased by \$2,550,148 to \$17,973,487. Gaming revenues increased \$1,042,452 or 14.1% in fiscal year 2016. Tax revenues increased \$1.2 million and there were increases in licenses and permits, intergovernmental revenues and charges for services. There was an increase of expenditures of \$2.8 million in public works, \$2.7 million of this was due to the utility franchise fee payout in relation to the Zaber lawsuit.

The fund balance of special revenue fund Tax Increment Financing increased by \$1,274,751 to \$7,324,281. \$721,800 of this was due to a sale of TIF development land. The decrease of \$566,000 in tax revenues was offset by a combined increase of \$574,000 in investment earnings and contributions.

The fund balance of the Capital Projects Fund street construction decreased by \$5,248,306 to \$2,063,549. Revenue for capital projects are not always received in the same fiscal year as project expenses occur.

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

The combined net position of the enterprise funds at June 30, 2016, totaled \$158,242,579 of which the unrestricted is a negative \$7,339,071. This is primarily due to expenses in 2016 for stormwater projects being reimbursed through the State of Iowa revolving loan fund in 2017.

The net position of the Internal Service Funds increased by \$790,330 to \$463,391. The Health Insurance Reserve Fund increased \$447,671 and the Workers' Comp Reserve increased \$737,590. Workmen's Comp experienced \$878,495 less expenses in 2016 as compared to 2015. The unrestricted net position of the Internal Service Funds is \$261,678.

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

The Sewer Fund had a decrease by \$4,116,913 for total net position of \$27,352,916. Assets for green alley improvements are moved yearly from Sewer Fund into Stormwater Fund to reflect the enterprise benefiting from the assets. The debt for the green alley project is paid with sewer revenue funds. This is an agreement with the Iowa State Revolving Loan. Currently \$6.8 million of debt for green alley is recorded in the Sewer Fund and assets in the Stormwater Fund.

The Water Utility had an increase in net position by \$2,310,768 for total net position of \$24,812,636. Water rates were increased 10% in 2016.

The Storm Water Utility had a 21.9% increase in net position of \$8,449,928. Ending net position is \$46,919,580. \$3.6 million in assets for green alley project was transferred to Stormwater from Sewer. The debt for this asset is remaining in the Sewer Fund. Stormwater had a 7% increase in rate for fiscal year 2016.

The Parking Facilities had an increase in net position of \$8,940,425. Ending net position is \$47,727,130. Assets of \$9.3 for the parking ramp at the new Intermodal Center were transferred from Transit to Parking to reflect the enterprise benefiting from the asset. Revenues increased \$211,169. Fiscal year 2016 fees for parking tickets and parking ramps were increased.

Other Enterprise Funds net position decreased by \$9,056,490 to \$11,430,317. This was primarily due to Transit being moved back to a nonmajor fund. Transit saw a decrease of \$8,849,408 in net position due to a transfer of capital assets to the Parking Fund.

Health Insurance Reserve increased in fiscal year 2016 by \$447,671. Revenues increased by \$1,906,743 and claims increased 18% over 2015.

Workmen's Comp Reserve net position increased by \$737,590. The fund saw a 71% decrease in expenses as compared to prior year.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2015-2016 cash basis budget. The first amendment was passed in September 2015 to reflect operating and capital budget carryovers (continuing appropriation authority) from fiscal year 2015 and amended the fiscal year 2015 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in April 2016 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 \$36,680,731. 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 \$102,910,097 from the original budget. The increase was primarily attributable to purchase order encumbrances carryover, capital projects, and operating carryovers from the prior year and expenditures associated with new grants received.

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Actual cash basis revenues were \$41,133,723 less than the final amended budget; and, cash basis expenditures were \$96,784,409 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$723,958,290 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. Additional information on the City's assets can be found in Note 6 to the financial statements in this report.

CAPITAL ASSETS (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 79,762,721	\$ 68,906,705	\$ 23,070,018	\$ 22,482,687	\$ 102,832,739	\$ 91,389,392
Buildings	140,451,997	127,812,256	151,445,382	136,395,921	291,897,379	264,208,177
Improvements other than buildings	23,764,449	22,219,094	142,579,440	99,006,869	166,343,889	121,225,963
Machinery and equipment	46,318,972	40,667,979	103,872,339	96,550,475	150,191,311	137,218,454
Infrastructure	227,944,685	216,205,431	-	-	227,944,685	216,205,431
Construction in progress	38,114,214	52,565,551	1,888,488	21,008,496	40,002,702	73,574,047
Accumulated depreciation	(144,424,923)	(135,984,590)	(110,829,492)	(103,914,525)	(255,254,415)	(239,899,115)
	<u>\$ 411,932,115</u>	<u>\$ 392,392,426</u>	<u>\$ 312,026,175</u>	<u>\$ 271,529,923</u>	<u>\$ 723,958,290</u>	<u>\$ 663,922,349</u>

Major expenditures during 2015-2016 were for the construction work on the Intermodal projects, SouthWest Arterial construction, Green Alley projects, new Airport terminal related construction, and Bee Branch storm water projects.

Long-term debt. At year end, the City had \$271,003,845 of debt outstanding. During fiscal year 2016, the City issued \$6,975,000 of general obligation bonds and \$10,920,000 of refunding bonds. The City refunded \$11,775,000 of general obligation bonds. The issued bonds were used to finance various projects including water main replacements, sanitary sewer lift stations, manhole reconstructions, new terminal roads and parking lots, and to finance the \$2.7 million settlement of the Zaber franchise fee lawsuit.

The City received \$21,831,579 in distributions from the State of Iowa Revolving Loan Fund for Stormwater Bee Branch projects.

The City continues to operate under the State debt capacity limitations. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Thus the City's debt capacity is \$196,031,074. With \$165,838,102 of debt applicable against the capacity, the City is utilizing 84.60% of this limit. Additional information on the City's long-term debt can be found in Note 7 of this report.

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

ECONOMIC FACTORS

The City's unemployment rate as of September 2016 was 3.5% down from 3.6% in December 2015. The national average was 4.9% for October 2016, according to the Bureau of Labor Statistics. State of Iowa was 3.7% as reported in September 2016.

The assessed valuation of taxable property, net of exemptions, decreased by .0052% to \$2,508,933,000. In fiscal year 2016, the minimum monthly refuse rate increased from \$13.24 to \$13.90, sewer and water rates increased 10%, and the storm water monthly fee increased from \$5.98 to \$6.38 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, 2016
City of Dubuque, Iowa

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries	Dubuque Convention and Visitors Bureau
ASSETS						
CURRENT ASSETS						
Cash and pooled cash investments	\$ 26,141,553	\$ 7,523,605	\$ 33,665,158	\$ 1,398,739	\$ 1,726,816	\$ 12,504
Receivables						
Property tax						
Delinquent	289,731	-	289,731	-	-	-
Succeeding year	26,376,219	-	26,376,219	-	-	-
Accounts and other	1,620,988	2,939,379	4,560,367	347,766	326,587	-
Special assessments	675,864	-	675,864	-	-	-
Accrued interest	107,452	21,185	128,637	9,749	-	-
Notes	442,713	-	442,713	-	28,800	-
Intergovernmental	13,366,420	4,498,495	17,864,915	15,553	-	-
Internal balances	549,973	(549,973)	-	-	-	-
Inventories	693,082	756,621	1,449,703	-	133,347	13,665
Prepaid items	262,516	19,012	281,528	986	-	-
Total Current Assets	<u>70,526,511</u>	<u>15,208,324</u>	<u>85,734,835</u>	<u>1,772,793</u>	<u>2,215,550</u>	<u>26,169</u>
NONCURRENT ASSETS						
Expendable restricted cash & investments	12,529,305	31,176,997	43,706,302	5,787,374	1,190,749	45,394
Nonexpendable restricted cash and investments	69,412	-	69,412	-	-	-
Notes receivable	12,872,261	-	12,872,261	-	10,200,604	-
Capital assets						
Land	79,762,721	23,070,018	102,832,739	2,952,666	117,723	-
Buildings	140,451,997	151,445,382	291,897,379	106,495	44,701,388	-
Improvements other than buildings	23,764,449	142,579,440	166,343,889	10,306,408	-	-
Machinery and equipment	46,318,972	103,872,339	150,191,311	4,255,081	-	320,333
Infrastructure	227,944,685	-	227,944,685	-	-	-
Construction in progress	38,114,214	1,888,488	40,002,702	3,464,862	-	-
Accumulated depreciation	(144,424,923)	(110,829,492)	(255,254,415)	(9,646,651)	(6,663,742)	-
Total Noncurrent Assets	<u>437,403,093</u>	<u>343,203,172</u>	<u>780,606,265</u>	<u>17,226,235</u>	<u>49,546,722</u>	<u>365,727</u>
Total Assets	<u>507,929,604</u>	<u>358,411,496</u>	<u>866,341,100</u>	<u>18,999,028</u>	<u>51,762,272</u>	<u>391,896</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related deferred outflows	\$ 8,309,113	\$ 811,944	\$ 9,121,057	\$ 82,654	\$ -	\$ -

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION (continued)
JUNE 30, 2016

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries	Dubuque Convention and Visitors Bureau
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 8,654,869	\$ 7,972,159	\$ 16,627,028	\$ 288,118	\$ 226,598	\$ 207,402
Accrued payroll	884,256	240,655	1,124,911	23,278	-	-
Loans payable	97,142	26,721	123,863	-	-	47,448
Notes payable	173,666	3,182,000	3,355,666	-	879,701	-
General obligation bonds payable	5,105,525	2,444,475	7,550,000	190,000	-	-
Revenue bonds payable	-	295,000	295,000	-	-	-
Tax increment financing bonds payable	440,000	-	440,000	-	-	-
Accrued compensated absences	350,138	51,222	401,360	14,422	-	-
Accrued interest payable	349,853	396,791	746,644	10,324	52,990	-
Intergovernmental payable	7,978	-	7,978	71,436	-	-
Unearned revenue	595,242	-	595,242	-	-	-
Total Current Liabilities	16,658,669	14,609,023	31,267,692	597,578	1,159,289	254,850
NONCURRENT LIABILITIES						
Loans payable	5,250,000	209,902	5,459,902	-	-	98,655
Notes payable	451,763	100,974,549	101,426,312	-	25,339,023	-
General obligation bonds payable	53,764,287	44,361,998	98,126,285	4,257,132	-	-
Revenue bonds payable	-	33,901,999	33,901,999	-	-	-
Landfill closure and postclosure care	-	-	-	2,794,735	-	-
Tax increment financing bonds payable	20,324,818	-	20,324,818	-	-	-
Accrued compensated absences	5,555,966	851,957	6,407,923	249,780	-	-
Net pension liability	36,085,349	4,695,669	40,781,018	478,004	-	-
Net OPEB Liability	3,809,858	827,501	4,637,359	88,742	-	-
Total Noncurrent Liabilities	125,242,041	185,823,575	311,065,616	7,868,393	25,339,023	98,655
Total Liabilities	141,900,710	200,432,598	342,333,308	8,465,971	26,498,312	353,505
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows	4,410,414	548,263	4,958,677	55,811	-	-
Succeeding year property tax	26,376,219	-	26,376,219	-	-	-
Total deferred inflows of resources	\$ 30,786,633	\$ 548,263	\$ 31,334,896	\$ 55,811	\$ -	\$ -
NET POSITION						
Net investment in capital assets	369,244,904	161,326,743	530,571,647	8,188,062	11,936,645	-
Restricted for/by:						
Bond ordinance development agreement	2,140,740	4,254,907	6,395,647	-	-	-
Debt service	224,997	-	224,997	-	-	-
Employee benefits	23,851	-	23,851	-	-	-
Community development	9,118,412	-	9,118,412	-	-	-
Iowa Finance Authority Trust	179,149	-	179,149	-	-	-
Capital projects	7,824,448	-	7,824,448	-	-	-
Franchise agreement	500,534	-	500,534	-	-	-
Endowments, expendable	107,521	-	107,521	-	-	5,161
Endowments, nonexpendable	69,412	-	69,412	-	-	-
Other	1,284,245	-	1,284,245	-	-	-
State statute	-	-	-	113,022	-	-
Landfill closure & post closure care	-	-	-	1,648,705	-	-
Minority interest	-	-	-	138,495	-	-
Unrestricted	(47,166,839)	(7,339,071)	(54,505,910)	471,616	13,327,315	33,230
Total Net Position	\$ 343,551,374	\$ 158,242,579	\$ 501,793,953	\$ 10,559,900	\$ 25,263,960	\$ 38,391

See notes to financial statements.

**CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT 2

Functions/Programs	Net (Expense) Revenue and Changes in Net Position											
	Program Revenues					Primary government					Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries	Dubuque Convention and Visitors Bureau	
Primary government												
Governmental Activities:												
Public safety	\$ 26,851,624	\$ 2,713,065	\$ 898,089	\$ 54,794	\$ 3,665,948	\$ (23,185,676)	\$ -	\$ (23,185,676)	\$ -	\$ -	\$ -	\$ -
Public works	24,323,023	5,765,075	7,204,439	17,440,038	30,409,552	6,086,529	-	6,086,529	-	-	-	-
Health and social services	967,936	124,695	16,153	-	140,848	(827,088)	-	(827,088)	-	-	-	-
Culture and recreation	12,993,331	2,723,270	511,893	555,524	3,790,687	(9,202,644)	-	(9,202,644)	-	-	-	-
Community and economic development	15,464,781	716,958	6,074,716	462,618	7,254,292	(8,210,489)	-	(8,210,489)	-	-	-	-
General government	4,101,423	3,045,403	595,929	132,201	3,773,533	(327,890)	-	(327,890)	-	-	-	-
Interest on long-term debt	2,963,134	-	-	22,444	22,444	(2,940,690)	-	(2,940,690)	-	-	-	-
Total governmental activities	87,665,252	15,088,466	15,301,219	18,667,619	49,057,304	(38,607,948)	-	(38,607,948)	-	-	-	-
Business-type activities												
Waste disposal works	12,817,669	12,158,439	-	97,387	12,255,826	-	(561,843)	(561,843)	-	-	-	-
Water utility	6,483,229	8,406,928	-	209,830	8,616,758	-	2,133,529	2,133,529	-	-	-	-
Stormwater utility	5,021,523	3,754,148	-	5,474,519	9,228,667	-	4,207,144	4,207,144	-	-	-	-
Parking facilities	3,420,296	3,247,383	-	240,417	3,487,800	-	67,504	67,504	-	-	-	-
America's River Project	21,521	1,605	-	-	1,605	-	(19,916)	(19,916)	-	-	-	-
Refuse collection	3,968,761	3,857,340	-	-	3,857,340	-	(111,421)	(111,421)	-	-	-	-
Transit system	4,274,967	463,688	1,648,077	1,585,568	3,697,333	-	(577,634)	(577,634)	-	-	-	-
Salt	181,617	81,720	-	-	81,720	-	(99,897)	(99,897)	-	-	-	-
Total business-type activities	36,189,583	31,971,251	1,648,077	7,607,721	41,227,049	-	5,037,466	5,037,466	-	-	-	-
Total primary government	\$ 123,854,835	\$ 47,059,717	\$ 16,949,296	\$ 26,275,340	\$ 90,284,353	\$ (38,607,948)	\$ 5,037,466	\$ (33,570,482)	\$ -	\$ -	\$ -	\$ -
Component units												
Dubuque Metropolitan Area Solid Waste Agency	2,421,055	4,281,863	-	34,647	4,316,510	-	1,895,455	1,895,455	-	-	-	-
Dubuque Initiatives and Subsidiaries	4,514,807	2,836,456	-	-	2,836,456	-	(1,678,351)	(1,678,351)	-	-	-	-
Dubuque Convention and Visitors Bureau	1,253,276	1,182,756	-	76,500	1,259,256	-	-	-	-	-	-	5,980
Total Component Units	\$ 8,189,138	\$ 8,301,075	\$ -	\$ 111,147	\$ 8,412,222	\$ -	\$ 1,895,455	\$ (1,678,351)	\$ -	\$ -	\$ -	\$ 5,980
General revenues												
Property taxes												
Local option sales tax												
Hotel motel tax												
Utility franchise fees												
Gaming												
Unrestricted investment earnings												
Gain on disposal of capital assets												
Transfers												
Total General Revenues and Transfers												
Change in Net Position												
Net position, beginning of year												
Net position, ending of year												

See notes to financial statements

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF DUBUQUE, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

		Special Revenue	Capital Projects
		Tax Increment Financing	Street Construction
	General		
ASSETS			
Cash and pooled cash investments	\$ 7,491,845	\$ 4,118,160	\$ -
Receivables			
Property tax			
Delinquent	123,567	130,644	-
Succeeding year	20,273,143	-	-
Accounts and other	1,333,848	-	2,473
Special assessments	-	-	-
Accrued interest	19,986	43,915	-
Notes	5,750,925	289,800	-
Intergovernmental	1,508,130	-	8,399,746
Due from other funds	3,798,982	-	-
Inventories	174,469	-	-
Prepaid items	123,658	-	8,541
Restricted cash and pooled cash investments	1,143,860	2,741,762	56,345
Total Assets	<u>\$ 41,742,413</u>	<u>\$ 7,324,281</u>	<u>\$ 8,467,105</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,507,621	\$ -	\$ 1,869,486
Accrued payroll	748,067	-	-
Intergovernmental payable	-	-	-
Due to other funds	-	-	2,209,602
Unearned revenue	595,242	-	-
Total Liabilities	<u>2,850,930</u>	<u>-</u>	<u>4,079,088</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenues			
Succeeding year property tax	20,273,143	-	-
Special assessments	-	-	-
Grants	34,491	-	1,150,812
Other	610,362	-	1,173,656
Total Deferred Inflows of Resources	<u>20,917,996</u>	<u>-</u>	<u>2,324,468</u>
FUND BALANCES			
Nonspendable			
Endowment corpus	-	-	-
Inventory	174,469	-	-
Long-term notes receivable	5,750,925	-	-
Prepaid items	123,658	-	-
Restricted			
Endowments	-	-	-
Library	-	-	-
Debt service	-	-	-
Bond ordinance	-	2,140,740	-
Capital improvements	-	5,183,541	-
Franchise agreement	-	-	-
Special assessments	-	-	-
Claims	-	-	-
Iowa Finance Authority Trust	-	-	-
Community programs	-	-	-
Employee benefits	-	-	-
Committed, capital improvements	-	-	2,063,549
Assigned			
DRA gaming and distribution	1,015,938	-	-
Unassigned	10,908,497	-	-
Total Fund Balances	<u>17,973,487</u>	<u>7,324,281</u>	<u>2,063,549</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 41,742,413</u>	<u>\$ 7,324,281</u>	<u>\$ 8,467,105</u>

See notes to financial statements.

EXHIBIT 3

Debt Service	Other Governmental Funds	Total
\$ 223,268	\$ 10,376,217	\$ 22,209,490
2,172	33,348	289,731
311,691	5,791,385	26,376,219
-	198,718	1,535,039
-	675,864	675,864
-	36,290	100,191
-	7,274,249	13,314,974
-	3,458,544	13,366,420
-	-	3,798,982
-	450,199	624,668
-	33,681	165,880
-	8,656,750	12,598,717
<u>\$ 537,131</u>	<u>\$ 36,985,245</u>	<u>\$ 95,056,175</u>
\$ -	\$ 1,823,649	\$ 5,200,756
-	84,500	832,567
-	7,978	7,978
-	625,222	2,834,824
-	11,327	606,569
-	<u>2,552,676</u>	<u>9,482,694</u>
311,691	5,791,385	26,376,219
-	645,727	645,727
-	1,961,615	3,146,918
443	7,688	1,792,149
<u>312,134</u>	<u>8,406,415</u>	<u>31,961,013</u>
-	69,412	69,412
-	450,199	624,668
-	-	5,750,925
-	33,681	157,339
-	107,521	107,521
-	1,252,231	1,252,231
224,997	-	224,997
-	-	2,140,740
-	8,687,197	13,870,738
-	500,534	500,534
-	30,205	30,205
-	1,809	1,809
-	179,149	179,149
-	9,118,412	9,118,412
-	23,851	23,851
-	5,571,953	7,635,502
-	-	1,015,938
-	-	10,908,497
<u>224,997</u>	<u>26,026,154</u>	<u>53,612,468</u>
<u>\$ 537,131</u>	<u>\$ 36,985,245</u>	<u>\$ 95,056,175</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF DUBUQUE, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

EXHIBIT 3-1

Total fund balances - governmental funds		\$ 53,612,468	
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	\$ 556,032,790		
Accumulated depreciation	<u>(144,302,387)</u>		411,730,403
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	36,511		
Special assessments	645,727		
Other	<u>4,913,882</u>		5,596,120
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the government funds as follows:			
Deferred inflows or resources	(4,211,944)		
Deferred outflows of resources	<u>8,015,193</u>		3,803,249
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.			
			463,391
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	(58,869,812)		
Tax increment financing bonds	(20,764,818)		
Notes payable	(625,429)		
Loans payable	(5,347,142)		
Accounts payable WCS lawsuit	(1,595,715)		
Accrued interest	(349,853)		
Compensated absences	(5,906,104)		
Net pension liability	(34,385,526)		
Net OPEB liability	<u>(3,809,858)</u>		(131,654,257)
Net position of governmental activities		<u>\$ 343,551,374</u>	

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, 2016

	General	Special Revenue Tax Increment Financing	Capital Projects Street Construction
REVENUES			
Taxes	\$ 30,881,068	\$ 10,324,023	\$ 2,746,624
Special assessments	-	-	-
Licenses and permits	1,480,643	-	-
Intergovernmental	1,617,334	-	9,141,093
Charges for services	10,655,692	-	36,933
Fines and forfeits	421,925	-	-
Investment earnings	245,338	556,712	17,477
Contributions	996,533	350,970	-
Gaming	8,440,161	-	-
Miscellaneous	502,793	-	4,869
Total Revenues	55,241,487	11,231,705	11,946,996
EXPENDITURES			
Current			
Public safety	28,036,551	-	-
Public works	8,799,037	-	-
Health and social services	1,005,395	-	-
Culture and recreation	11,677,088	-	-
Community and economic development	3,757,062	3,175,345	-
General government	5,927,995	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital projects	-	13,905	17,357,382
Total Expenditures	59,203,128	3,189,250	17,357,382
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,961,641)	8,042,455	(5,410,386)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	2,830,000	-	-
Issuance of refunding debt	-	-	-
Premium on bonds	21,561	-	-
Premium on refunding bonds	-	-	-
Transfers in	6,056,765	563,112	481,250
Transfers out	(2,599,112)	(8,074,797)	(347,283)
Insurance recovery	58,246	-	28,113
Sale of capital assets	144,329	743,981	-
Total Other Financing Sources (Uses)	6,511,789	(6,767,704)	162,080
NET CHANGE IN FUND BALANCES	2,550,148	1,274,751	(5,248,306)
FUND BALANCES, BEGINNING	15,423,339	6,049,530	7,311,855
FUND BALANCES, ENDING	\$ 17,973,487	\$ 7,324,281	\$ 2,063,549

See notes to financial statements.

EXHIBIT 4

Debt Service	Other Governmental Funds	Total
\$ 304,058	\$ 7,324,311	\$ 51,580,084
-	111,193	111,193
-	-	1,480,643
46,077	18,498,320	29,302,824
-	227,229	10,919,854
-	-	421,925
3,929	258,709	1,082,165
-	92,902	1,440,405
-	-	8,440,161
-	860,213	1,367,875
<u>354,064</u>	<u>27,372,877</u>	<u>106,147,129</u>
-	-	28,036,551
-	5,798,786	14,597,823
-	10,592	1,015,987
14,669	217,272	11,909,029
38,826	6,502,180	13,473,413
-	508,119	6,436,114
10,302,412	-	10,302,412
3,707,268	-	3,707,268
-	14,133,294	31,504,581
<u>14,063,175</u>	<u>27,170,243</u>	<u>120,983,178</u>
<u>(13,709,111)</u>	<u>202,634</u>	<u>(14,836,049)</u>
-	1,103,882	3,933,882
4,650,000	-	4,650,000
-	8,200	29,761
262,760	-	262,760
8,995,817	1,300,063	17,397,007
-	(7,355,715)	(18,376,907)
-	-	86,359
-	175,504	1,063,814
<u>13,908,577</u>	<u>(4,768,066)</u>	<u>9,046,676</u>
199,466	(4,565,432)	(5,789,373)
25,531	30,591,586	59,401,841
<u>\$ 224,997</u>	<u>\$ 26,026,154</u>	<u>\$ 53,612,468</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

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, 2016**

EXHIBIT 4-1

Net change in fund balances - total governmental funds	\$	(5,789,373)	
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	\$	28,619,466	
Transfers of capital assets to enterprise funds		(48,873)	
Contributions from developers and federal government		539,889	
Depreciation expense		<u>(9,282,096)</u>	19,828,386
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.			
			(250,322)
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred inflows of resources increased (decreased) by these amounts this year:			
Property tax		4,051	
Special assessments		(74,985)	
Other		<u>3,248,919</u>	3,177,985
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Also, governmental funds report the effect of issuance discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.			
Debt issuances including premium		(8,876,403)	
Debt repayments		<u>10,302,412</u>	1,426,009
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		(40,223)	
Amortization of bond discount/premium		3,570	
Decrease in compensated absences		485,248	
Accounts payable Zaber lawsuit		2,700,000	
Accounts payable WCS lawsuit		(1,595,715)	
Pension adjustment		2,560,131	
Increase in net OPEB liability		<u>(385,990)</u>	
Total additional expenses			3,727,021
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.			
			790,330
Change in net position of governmental activities	\$		<u><u>22,910,036</u></u>

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ 2,585,044	\$ 3,285,760	\$ -
Receivables			
Accounts	1,194,414	837,342	369,427
Accrued interest	7,948	9,601	-
Intergovernmental	-	-	2,520,097
Prepaid items	2,441	420	-
Inventories	-	756,621	-
Total Current Assets	<u>3,789,847</u>	<u>4,889,744</u>	<u>2,889,524</u>
NONCURRENT ASSETS			
Restricted cash and pooled cash investments	4,988,991	5,065,033	20,506,296
Capital assets			
Land	167,855	115,727	20,625,971
Buildings	72,005,065	9,765,805	-
Improvements to other than buildings	45,926,210	956,707	90,834,782
Machinery and equipment	39,532,532	52,315,431	1,078,754
Construction in progress	814,929	1,005,580	67,979
Accumulated depreciation	<u>(53,236,577)</u>	<u>(24,740,220)</u>	<u>(12,283,002)</u>
Net Capital Assets	<u>105,210,014</u>	<u>39,419,030</u>	<u>100,324,484</u>
Total Noncurrent Assets	<u>110,199,005</u>	<u>44,484,063</u>	<u>120,830,780</u>
Total Assets	<u>113,988,852</u>	<u>49,373,807</u>	<u>123,720,304</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	\$ 176,396	\$ 199,744	\$ 35,615

Business-type Activities-Enterprise Funds			
Parking Facilities	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 913,835	\$ 738,966	\$ 7,523,605	\$ 3,932,063
187,000	351,196	2,939,379	85,949
2,395	1,241	21,185	7,261
-	1,978,398	4,498,495	-
6,720	9,431	19,012	96,636
-	-	756,621	68,414
<u>1,109,950</u>	<u>3,079,232</u>	<u>15,758,297</u>	<u>4,190,323</u>
546,166	70,511	31,176,997	-
2,124,465	36,000	23,070,018	-
62,337,568	7,336,944	151,445,382	-
3,379,337	1,482,404	142,579,440	-
2,423,667	8,521,955	103,872,339	324,248
-	-	1,888,488	-
<u>(14,849,800)</u>	<u>(5,719,893)</u>	<u>(110,829,492)</u>	<u>(122,536)</u>
<u>55,415,237</u>	<u>11,657,410</u>	<u>312,026,175</u>	<u>201,712</u>
<u>55,961,403</u>	<u>11,727,921</u>	<u>343,203,172</u>	<u>201,712</u>
<u>57,071,353</u>	<u>14,807,153</u>	<u>358,961,469</u>	<u>4,392,035</u>
\$ 65,383	\$ 334,806	\$ 811,944	\$ 293,920

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 2,046,676	\$ 562,300	\$ 4,539,422
Accrued payroll	53,308	59,407	7,149
Loans payable - current	-	-	-
General obligation bonds payable	423,879	403,595	898,618
Revenue bonds payable	-	295,000	-
Capital loan notes payable	2,652,000	178,000	352,000
Accrued compensated absences	30,805	7,044	-
Accrued interest payable	152,531	60,788	150,462
Due to other funds	-	-	549,974
Total Current Liabilities	<u>5,359,199</u>	<u>1,566,134</u>	<u>6,497,625</u>
NONCURRENT LIABILITIES			
Loans payable	-	-	-
General obligation bonds payable	11,585,266	13,218,634	11,630,256
Revenue bonds payable	-	5,133,350	28,768,649
Capital loan notes payable	68,328,080	2,994,000	29,652,469
Accrued compensated absences	190,279	324,812	11,532
Net pension liability	1,020,145	1,155,171	205,964
Net OPEB Liability	210,252	233,938	45,795
Total Noncurrent Liabilities	<u>81,334,022</u>	<u>23,059,905</u>	<u>70,314,665</u>
Total Liabilities	<u>86,693,221</u>	<u>24,626,039</u>	<u>76,812,290</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	\$ 119,111	\$ 134,876	\$ 24,049
NET POSITION			
Net investment in capital assets	34,196,730	22,029,759	46,686,137
Restricted by bond ordinance/development agreement	-	686,138	2,842,650
Unrestricted	<u>(6,843,814)</u>	<u>2,096,739</u>	<u>(2,609,207)</u>
Total Net Position	<u>\$ 27,352,916</u>	<u>\$ 24,812,636</u>	<u>\$ 46,919,580</u>

See notes to financial statements.

Business-type Activities-Enterprise Funds			
Parking Facilities	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 8,280	\$ 815,480	\$ 7,972,158	\$ 1,858,398
16,321	104,470	240,655	51,689
26,721	-	26,721	-
713,727	4,656	2,444,475	-
-	-	295,000	-
-	-	3,182,000	-
8,350	5,023	51,222	-
32,767	243	396,791	-
-	-	549,974	414,184
<u>806,166</u>	<u>929,872</u>	<u>15,158,996</u>	<u>2,324,271</u>
209,902	-	209,902	-
7,847,071	80,771	44,361,998	-
-	-	33,901,999	-
-	-	100,974,549	-
45,699	279,635	851,957	-
378,123	1,936,266	4,695,669	1,699,823
78,495	259,021	827,501	-
<u>8,559,290</u>	<u>2,555,693</u>	<u>185,823,575</u>	<u>1,699,823</u>
<u>9,365,456</u>	<u>3,485,565</u>	<u>200,982,571</u>	<u>4,024,094</u>
<u>\$ 44,150</u>	<u>\$ 226,077</u>	<u>\$ 548,263</u>	<u>\$ 198,470</u>
46,842,134	11,571,983	161,326,743	201,713
321,850	404,269	4,254,907	-
563,146	(545,935)	(7,339,071)	261,678
<u>\$ 47,727,130</u>	<u>\$ 11,430,317</u>	<u>\$ 158,242,579</u>	<u>\$ 463,391</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET
POSITION PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
OPERATING REVENUES			
Charges for sales and services	\$ 12,124,378	\$ 8,398,756	\$ 3,736,904
Other	34,061	8,172	17,244
Total Operating Revenues	<u>12,158,439</u>	<u>8,406,928</u>	<u>3,754,148</u>
OPERATING EXPENSES			
Employee expense	3,626,427	2,598,030	1,566,114
Utilities	474,143	650,159	8,509
Repairs and maintenance	750,559	187,982	46,621
Supplies and services	2,727,599	1,274,845	462,257
Insurance	122,776	114,533	56,695
Depreciation	3,314,861	960,193	858,549
Total Operating Expenses	<u>11,016,365</u>	<u>5,785,742</u>	<u>2,998,745</u>
OPERATING INCOME (LOSS)	<u>1,142,074</u>	<u>2,621,186</u>	<u>755,403</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	7,187	14,656
Investment earnings	78,529	101,175	193,642
Contributions	187	-	152,656
Interest expense	(1,801,304)	(697,487)	(2,022,778)
Gain on disposal of assets	1,378	250	91,303
Net Nonoperating Revenues (Expenses)	<u>(1,721,210)</u>	<u>(588,875)</u>	<u>(1,570,521)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(579,136)</u>	<u>2,032,311</u>	<u>(815,118)</u>
CAPITAL CONTRIBUTIONS	97,200	202,643	5,307,207
TRANSFERS IN	9,547	75,814	3,962,839
TRANSFERS OUT	<u>(3,644,524)</u>	<u>-</u>	<u>(5,000)</u>
CHANGE IN NET POSITION	<u>(4,116,913)</u>	<u>2,310,768</u>	<u>8,449,928</u>
NET POSITION, BEGINNING	<u>31,469,829</u>	<u>22,501,868</u>	<u>38,469,652</u>
NET POSITION, ENDING	<u>\$ 27,352,916</u>	<u>\$ 24,812,636</u>	<u>\$ 46,919,580</u>

See notes to financial statements.

Business-type Activities-Enterprise Funds			Governmental
Parking Facilities	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ 3,056,609	\$ 4,273,509	\$ 31,590,156	\$ 16,876,880
190,774	130,844	381,095	190,212
<u>3,247,383</u>	<u>4,404,353</u>	<u>31,971,251</u>	<u>17,067,092</u>
927,573	5,257,223	13,975,367	3,454,504
259,213	105,615	1,497,639	30,597
259,595	723,709	1,968,466	66,954
351,143	1,421,538	6,237,382	12,572,880
93,492	67,490	454,986	157,075
<u>1,099,810</u>	<u>868,304</u>	<u>7,101,717</u>	<u>38,377</u>
<u>2,990,826</u>	<u>8,443,879</u>	<u>31,235,557</u>	<u>16,320,387</u>
<u>256,557</u>	<u>(4,039,526)</u>	<u>735,694</u>	<u>746,705</u>
117,974	2,089,551	2,229,368	-
20,522	13,660	407,528	41,106
73,570	35,708	262,121	-
(429,470)	(2,987)	(4,954,026)	-
<u>9,861</u>	<u>32</u>	<u>102,824</u>	<u>2,519</u>
<u>(207,543)</u>	<u>2,135,964</u>	<u>(1,952,185)</u>	<u>43,625</u>
49,014	(1,903,562)	(1,216,491)	790,330
48,873	1,108,386	6,764,309	-
9,380,764	1,106,036	14,535,000	-
<u>(538,226)</u>	<u>(9,367,350)</u>	<u>(13,555,100)</u>	<u>-</u>
8,940,425	(9,056,490)	6,527,718	790,330
<u>38,786,705</u>	<u>20,486,807</u>	<u>151,714,861</u>	<u>(326,939)</u>
<u>\$ 47,727,130</u>	<u>\$ 11,430,317</u>	<u>\$ 158,242,579</u>	<u>\$ 463,391</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-type Activities-Enterprise Funds			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 12,072,108	\$ 8,390,005	\$ 3,728,916	\$ 3,010,604
Cash payments to suppliers for goods and services	(2,516,969)	(1,790,555)	(556,651)	(965,911)
Cash payments to employees for services	(3,606,531)	(2,599,897)	(1,492,487)	(963,653)
Other operating receipts	34,061	8,172	17,244	190,774
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>5,982,669</u>	<u>4,007,725</u>	<u>1,697,022</u>	<u>1,271,814</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	9,547	75,814	3,962,839	13,415
Transfers to other funds	(3,644,524)	-	(5,000)	(538,226)
Proceeds from interfund balances	-	-	(4,621,488)	-
Payment of interfund balances	-	-	-	-
Intergovernmental grant proceeds	-	-	-	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>(3,634,977)</u>	<u>75,814</u>	<u>(663,649)</u>	<u>(524,811)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	1,378	250	91,303	9,861
Acquisition and construction of capital assets	(5,809,442)	(7,226,903)	(28,246,126)	(111,264)
Proceeds from issuance of debt	6,019,398	633,643	24,489,656	-
Premium on debt issuance	17,882	4,707	354,303	1,321
Payment of debt	(2,931,590)	(832,475)	(7,697,565)	(713,682)
Interest paid	(1,816,628)	(732,961)	(2,083,483)	(423,530)
Contributions	97,387	202,643	320,076	73,570
Intergovernmental grant proceeds	-	7,187	3,767,267	117,974
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,421,615)</u>	<u>(7,943,909)</u>	<u>(9,004,569)</u>	<u>(1,045,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	76,045	97,051	194,949	20,393
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	<u>(1,997,878)</u>	<u>(3,763,319)</u>	<u>(7,776,247)</u>	<u>(278,354)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	9,571,913	12,114,112	28,282,543	1,738,355
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 7,574,035</u>	<u>\$ 8,350,793</u>	<u>\$ 20,506,296</u>	<u>\$ 1,460,001</u>

Exhibit 7

Business-type Activities-Enterprise Funds		Governmental Activities-Internal Service Funds
Other Enterprise Funds	Total	
\$ 4,258,306	\$ 31,459,939	\$ 17,104,166
(3,932,212)	(9,762,298)	(13,027,745)
(5,126,090)	(13,788,658)	(3,492,915)
130,844	381,095	190,212
<u>(4,669,152)</u>	<u>8,290,078</u>	<u>773,718</u>
1,106,036	5,167,651	-
-	(4,187,750)	-
-	(4,621,488)	387,258
(88)	(88)	-
<u>3,371,295</u>	<u>3,371,295</u>	<u>-</u>
<u>4,477,243</u>	<u>(270,380)</u>	<u>387,258</u>
32	102,824	2,519
(2,480,516)	(43,874,250)	-
-	31,142,697	-
-	378,213	-
(4,626)	(12,179,938)	-
(3,013)	(5,059,615)	-
35,708	729,384	-
-	3,892,428	-
<u>(2,452,415)</u>	<u>(24,868,257)</u>	<u>2,519</u>
<u>13,778</u>	<u>402,216</u>	<u>38,080</u>
(2,630,546)	(16,446,343)	1,201,575
<u>3,440,023</u>	<u>55,146,946</u>	<u>2,730,488</u>
<u>\$ 809,477</u>	<u>\$ 38,700,603</u>	<u>\$ 3,932,063</u>

(Continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Business-type Activities -Enterprise Funds			
	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)	\$ 1,142,074	\$ 2,621,186	\$ 755,403	\$ 256,557
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	3,314,861	960,193	858,549	1,099,810
Change in assets and liabilities				
(Increase) decrease in receivables	(52,270)	(8,751)	(7,988)	(46,005)
Increase (decrease) in inventories and prepaid items	(171)	20,235	-	6,431
Increase (decrease) in accounts payable	1,558,279	416,729	17,431	(8,899)
Increase (decrease) in accrued liabilities	(32,707)	12,005	3,541	(14,324)
Increase (decrease) net pension liability	223,852	188,460	95,870	47,843
(Increase) in deferred outflows	(11,395)	570	(12,802)	3,055
Increase (decrease) in deferred inflows	(184,572)	(233,800)	(17,937)	(81,809)
Increase in net OPEB liability	24,718	30,898	4,955	9,155
Total Adjustments	<u>4,840,595</u>	<u>1,386,539</u>	<u>941,619</u>	<u>1,015,257</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 5,982,669</u>	<u>\$ 4,007,725</u>	<u>\$ 1,697,022</u>	<u>\$ 1,271,814</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contribution of capital assets from outside sources	<u>\$ 97,200</u>	<u>\$ 202,643</u>	<u>\$ 5,307,207</u>	<u>\$ -</u>
Contributions of capital assets from Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,873</u>
See notes to financial statements.				

**Exhibit 7
(continued)**

Business-type Activities-Enterprise Funds		Governmental Activities- Internal Service Funds
Other Enterprise Funds	Total	
\$ (4,039,526)	\$ 735,694	\$ 746,705
868,304	7,101,717	38,377
(15,203)	(130,217)	227,286
(9,431)	17,064	(83,855)
(1,604,429)	379,111	(116,384)
32,446	961	12,901
432,661	988,686	289,721
(23,240)	(43,812)	(1,731)
(347,354)	(865,472)	(339,302)
36,620	106,346	-
<u>(629,626)</u>	<u>7,554,384</u>	<u>27,013</u>
<u>\$ (4,669,152)</u>	<u>\$ 8,290,078</u>	<u>\$ 773,718</u>
<u>\$ 467,263</u>	<u>\$ 6,074,313</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 48,873</u>	<u>\$ -</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

EXHIBIT 8

	<u>Agency Funds</u>
ASSETS	
Cash and pooled cash investments	\$ 1,469,421
Accounts receivable	51,414
Accrued interest	<u>1,418</u>
Total Assets	<u>\$ 1,522,253</u>
LIABILITIES	
Accounts Payable	\$ 135,135
Due to other agency	<u>1,387,118</u>
Total Liabilities	<u>\$ 1,522,253</u>

See notes to financial statements.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016, \$438,692 of the Dubuque Metropolitan Area Solid Waste Agency's charges for services were related to services provided to the City of Dubuque.

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

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly Governed Organizations

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

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

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The City reports the following major governmental funds:

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

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

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

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.

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. These funds cannot be used to support City activities. Fiduciary funds, other than agency funds, use the *economic resources measurement focus* and the *full accrual basis of accounting*. Agency funds use the *full accrual basis of accounting* but do not have a measurement focus and therefore report only assets and liabilities. The City reports Agency Funds to account for assets held by the City as an agent under the cable franchise agreement and for the Dubuque Racing Association.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Deposits and Investments

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

The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit which are valued at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

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, 2016

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, 2016, and 2016 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, 2016

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 acquisition 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

Deferred Outflows of Resources

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

Compensated Absences

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

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

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

Pensions

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

Deferred inflows of Resources

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

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

Net Position/Fund Balance

The Dubuque Metropolitan Area Solid Waste Agency's restricted net position represents outside third-party restrictions and amounts restricted for minority interest of the Agency. The Agency is

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$8,921,899 for the governmental activities and \$27,405,361 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, 2016 consists of \$224,997 for debt service and \$23,851 for employee benefits. All other restrictions are by outside parties through grants, debt agreements or donors.
- Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

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

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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, 2016

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit net position amounts as of June 30, 2016:

America's River Project	\$	7,041
Internal Service Funds		
Garage Service	\$	87,208
General Service	\$	1,602,382
Stores/Printing	\$	15,488

The General Service and Garage Service deficit will be addressed during next fiscal year's reallocation of expenses. The Stores deficit is a result of a change in phone recharges. America's River Project will be addressed next fiscal year with a transfer from General.

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 \$16,097 for the City and \$1,200 for the Dubuque Metropolitan Area Solid Waste Agency.

Deposits. At year-end, the City's carrying amount of deposits was \$48,998,970, and the bank balance was \$54,327,655. The City's deposits in banks at June 30, 2016, 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 \$7,184,913, and the bank balance was \$7,772,738. The Agency's deposits in banks at June 30, 2016, 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, 2016

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

Investments. As of June 30, 2016, 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	\$ 1,815,390	\$ -	\$ -	\$ -	\$ 1,815,390
U.S. Treasury Securities	-	1,618,908	-	3,014,593	4,633,501
Federal Agency Obligations	250,585	15,637,963	1,442,484	4,610,714	21,941,746
Managed Accounts L/T CD	895,475	499,421	-	-	1,394,896
Corporate Stock	109,693	-	-	-	109,693
	<u>\$ 3,071,143</u>	<u>\$ 17,756,292</u>	<u>\$ 1,442,484</u>	<u>\$ 7,625,307</u>	<u>\$ 29,895,226</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.

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

All the of the City's investments were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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.

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, 2016.

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	\$ 16,097
Carrying amount of deposits	48,998,970
Carrying amount of investments	<u>29,895,226</u>
Total	<u>\$ 78,910,293</u>
Government-wide	
Cash and pooled cash investments	\$ 33,665,158
Cash and pooled cash investments - temporarily restricted	43,706,302
Cash and pooled cash investments - permanently restricted	69,412
Fiduciary	
Cash and pooled cash investments	<u>1,469,421</u>
Total	<u>\$ 78,910,293</u>

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

Cash on hand	\$ 1,200
Carrying amount of deposits	<u>7,184,913</u>
Total	<u>\$ 7,186,113</u>
Cash and pooled cash investments	\$ 1,398,739
Cash and pooled cash investments - temporarily restricted	<u>5,787,374</u>
Total	<u>\$ 7,186,113</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

A reconciliation of cash and investments as shown on the government-wide statement of net position for the Dubuque Initiatives and Subsidiaries (December 31, 2015) follows:

Deposits	\$	1,726,816
Beneficial interest in assets held by others		<u>1,190,749</u>
Total	\$	<u>2,917,565</u>
Cash and pooled cash investments	\$	1,726,816
Cash and pooled cash investments-temporarily restricted		<u>1,190,749</u>
Total	\$	<u>2,917,565</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – NOTES RECEIVABLE

The City provides low interest and no interest loans to promote economic and community development, provide opportunities for home ownership to low and moderate income citizens and improve rental properties for low income citizens. Loans may contain a forgivable portion if recipient meets specific conditions such as job creation for economic development or residency requirements community development. Loans are secured by mortgage liens against the property.

At June 30, 2016 the City had the follow notes receivable.

Economic Development Notes Receivable:

	Original Balance	Interest Rate	Issued	Maturity	Balance	Current Portion
Downtown Rehabilitation Loan Program						
At Last Fluid Power Co.	\$ 17,200	3 %	1998	6/1/2018	\$ 2,764	\$ 1,361
Butt's Florist, Inc.	300,000	3	2011	7/1/2031	294,000	15,759
Clark Wolff	150,000	3	2001	5/1/2022	54,057	8,456
Dubuque Museum of Art	300,000	3	1999	7/1/2021	128,199	23,701
Greenfield, Jane	188,000	3	1998	10/1/2019	49,306	14,242
Gronen Adaptive	300,000	2	2006	5/1/2036	183,459	7,575
Hartig Realty III, L.C.	300,000	3	2009	9/1/2029	253,436	15,817
HJD Landlord LLC	466,000	3	2016	4/1/2036	466,000	15,000
Interstate Building LLLP	300,000	3	2010	9/22/2015	287,985	16,446
Lower Main Development, LLC	300,000	3	2006	3/1/2026	147,105	12,329
Moore, Jorga	55,442	3	1999	5/1/2019	13,147	4,268
Security Partners, L.P.	300,000	3	2001	8/1/2021	39,455	14,428
Town Clock Building Co. Urban Development Action Grant	300,000	3	2001	8/1/2021	114,878	20,871
40 Main, LLC - Note A	300,000	-	2,009	7/1/2016	300,000	-
Downtown Housing Incentive Loan						
Caradco Landlord, LLC	4,500,000	3	2,012	6/1/2030	4,500,000	-
40 Main Real Estate Loan	156,583	-	2,009	11/1/2015	156,583	-
Sales Tax Construction						
DB&T Community Development Corporation	1,700,000	-	2,012	2/1/2032	1,700,000	-
					<u>\$ 8,690,374</u>	<u>\$ 170,253</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – NOTES RECEIVABLE (continued)

	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
Community Development Installment Loans Receivables			
Residential Rehabilitation Installment Loan Programs			
First Time Home Buyers	6 %	\$ 433,651	\$ 47,000
Local Housing Assistance Program (LHAP)	6	115,678	3,000
Homebuyers Assistance Program	6	2,212,346	246,000
Infill	6	302,405	7,000
Residential Rehab Program	6	171,325	88,000
RRP Reserve	-	46,089	1,000
Washington Neighborhood Revitalize	-	51,860	3,528
The Accessibility Rehabilitation Program (for rentals)	6	554,952	56,641
Iowa Finance Authority	-	119,558	6,091
HOME Program (1)	-	268,284	89,000
Historic Preservation Revolving Loan Fund/Historic Preservation Housing Forgivable Loan Program	6	58,654	15,000
TIF Receivables			
Roasting Solutions	-	289,800	-
		<u>\$ 4,624,602</u>	<u>\$ 562,260</u>

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

At December 31, 2015, Dubuque Initiatives and Subsidiaries had the following notes receivable:

Lower Main Development, 4.00%, unsecured, matures August 2018	\$ 43,039
City of Dubuque, 5.00%, unsecured, matures July 2023	236,622
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	<u>9,949,743</u>
Total notes receivable	10,229,404
Less: current maturities	<u>(28,800)</u>
Noncurrent portion	\$ <u>10,200,604</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2016, include amounts due to/from other funds and advances due to/from other funds. Interfund balances are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental activities:		
General Fund	\$ 3,798,982	\$ -
Internal Service	-	414,184
Street Construction	-	2,209,602
Nonmajor		625,222
Business-type activities:		
Stormwater Utility	-	549,974
	<u>\$ 3,798,982</u>	<u>\$ 3,798,982</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, 2016

NOTE 5 – INTERFUND BALANCES AND TRANSFERS (continued)

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Transfer to	Tax				Transfers From				Total
	General	Increment Financing	Street Construction	Nonmajor Governmental	Sewer Disposal Works	Storm Water Utility	Parking Facilities	Nonmajor Enterprise	
General	\$ -	\$ 282,592	\$ 42,326	\$ 5,721,847	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ 6,056,765
Tax increment financing	-	-	-	24,886	-	-	538,226	-	563,112
Street construction	-	-	-	481,250	-	-	-	-	481,250
Debt service	867,826	7,170,714	304,957	652,320	-	-	-	-	8,995,817
Nonmajor governmental	260,347	621,491	-	418,225	-	-	-	-	1,300,063
Sewage disposal works	8,124	-	-	1,423	-	-	-	-	9,547
Water utility	60,944	-	-	14,870	-	-	-	-	75,814
Stormwater utility	296,112	-	-	27,205	3,639,524	-	-	-	3,962,839
Parking Facilities	13,413	-	-	-	-	-	-	9,367,350	9,380,764
Nonmajor enterprise	1,092,346	-	-	13,690	-	-	-	-	1,106,036
	<u>\$ 2,599,112</u>	<u>\$ 8,074,797</u>	<u>\$ 347,283</u>	<u>\$ 7,355,715</u>	<u>\$ 3,644,524</u>	<u>\$ 5,000</u>	<u>\$ 538,226</u>	<u>\$ 9,367,350</u>	<u>\$ 31,932,007</u>

Net capital assets of \$48,873 were transferred from governmental capital assets to parking. The transfer was reported as a capital contribution in the Parking Facilities Fund. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources.

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

Primary Government:

Governmental activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 68,906,705	\$ -	\$ -	\$ 11,106,338	\$ (250,322)	\$ 79,762,721
Construction in Progress	52,565,551	-	-	27,630,693	(42,082,030)	38,114,214
Total Capital assets, not being depreciated	121,472,256	-	-	38,737,031	(42,332,352)	117,876,935
Capital assets, being depreciated:						
Buildings	127,812,256	-	-	12,639,741	-	140,451,997
Improvements other than buildings	22,219,094	-	-	1,545,355	-	23,764,449
Machinery and equipment	40,667,979	-	-	6,558,659	(907,666)	46,318,972
Infrastructure	216,205,431	-	-	11,739,254	-	227,944,685
Total capital assets, being depreciated	406,904,760	-	-	32,483,009	(907,666)	438,480,103
Less accumulated depreciation for:						
Buildings	(36,447,542)	-	-	(2,146,129)	-	(38,593,671)
Improvements other than buildings	(9,229,078)	-	-	(797,131)	-	(10,026,209)
Machinery and Equipment	(22,647,868)	-	-	(2,703,646)	880,140	(24,471,374)
Infrastructure	(67,660,102)	-	-	(3,673,567)	-	(71,333,669)
Total accumulated depreciation	(135,984,590)	-	-	(9,320,473)	880,140	(144,424,923)
Total capital assets, being depreciated, net	270,920,170	-	-	23,162,536	(27,526)	294,055,180
Governmental activities capital assets, net	\$ 392,392,426	\$ -	\$ -	\$ 61,899,567	\$ (42,359,878)	\$ 411,932,115

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS (continued)

Business-type activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 22,482,687	\$ -	\$ -	\$ 587,331	\$ -	\$ 23,070,018
Construction in progress	21,008,496	13,006,874	(13,006,874)	50,321,465	(69,441,473)	1,888,488
Total Capital assets, not being depreciated	<u>43,491,183</u>	<u>13,006,874</u>	<u>(13,006,874)</u>	<u>50,908,796</u>	<u>(69,441,473)</u>	<u>24,958,506</u>
Capital assets, being depreciated:						
Buildings	136,395,921	-	-	15,049,461	-	151,445,382
Improvements other than buildings	99,006,869	-	-	43,572,571	-	142,579,440
Machinery and equipment	96,550,475	-	-	7,527,356	(205,492)	103,872,339
Total capital assets, being depreciated	<u>331,953,265</u>	<u>-</u>	<u>-</u>	<u>66,149,388</u>	<u>(205,492)</u>	<u>397,897,161</u>
Less accumulated depreciation for:						
Buildings	(47,437,781)	-	-	(1,785,836)	-	(49,223,617)
Improvements other than buildings	(26,272,135)	-	-	(1,786,501)	-	(28,058,636)
Machinery and equipment	(30,204,609)	-	-	(3,529,380)	186,750	(33,547,239)
Total accumulated depreciation	<u>(103,914,525)</u>	<u>-</u>	<u>-</u>	<u>(7,101,717)</u>	<u>186,750</u>	<u>(110,829,492)</u>
Total capital assets, being depreciated, net	<u>228,038,740</u>	<u>-</u>	<u>-</u>	<u>59,047,671</u>	<u>(18,742)</u>	<u>287,067,669</u>
Business-type activities capital assets, net	<u>\$ 271,529,923</u>	<u>\$ 13,006,874</u>	<u>\$ (13,006,874)</u>	<u>\$ 109,956,467</u>	<u>\$ (69,460,215)</u>	<u>\$ 312,026,175</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS (continued)

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

Governmental activities:	
Public safety	\$ 842,472
Public works	5,509,172
Health and social services	6,975
Culture and recreation	2,097,300
Community and economic development	15,940
General government	810,237
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	<u>38,377</u>
Total depreciation expense - governmental activities	<u><u>\$ 9,320,473</u></u>
Business-type activities:	
Sewage disposal works	\$ 3,314,861
Water utility	960,193
Stormwater utility	858,549
Parking facilities	1,099,810
Refuse collection	282,494
Salt	27,640
Transit system	558,170
Total depreciation expense - business-type activities	<u><u>\$ 7,101,717</u></u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS (continued)

Dubuque Metropolitan Area Solid Waste Agency (Component Unit):

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 2,952,666	\$ -	\$ -	\$ -	\$ -	\$ 2,952,666
Construction in progress	810,960	-	-	2,683,957	(30,055)	3,464,862
Total Capital assets, not being depreciated	<u>3,763,626</u>	<u>-</u>	<u>-</u>	<u>2,683,957</u>	<u>(30,055)</u>	<u>6,417,528</u>
Capital assets, being depreciated:						
Buildings	106,495	-	-	-	-	106,495
Improvements other than buildings	10,306,408	-	-	-	-	10,306,408
Machinery and equipment	4,022,922	-	-	232,159	-	4,255,081
Total capital assets, being depreciated	<u>14,435,825</u>	<u>-</u>	<u>-</u>	<u>232,159</u>	<u>-</u>	<u>14,667,984</u>
Less accumulated depreciation for:						
Buildings	(52,100)	-	-	(1,922)	-	(54,022)
Improvements other than buildings	(6,600,926)	-	-	(131,218)	-	(6,732,144)
Machinery and equipment	(2,521,640)	-	-	(338,845)	-	(2,860,485)
Total accumulated depreciation	<u>(9,174,666)</u>	<u>-</u>	<u>-</u>	<u>(471,985)</u>	<u>-</u>	<u>(9,646,651)</u>
Total capital assets, being depreciated, net	<u>5,261,159</u>	<u>-</u>	<u>-</u>	<u>(239,826)</u>	<u>-</u>	<u>5,021,333</u>
Dubuque Metropolitan Area Solid Waste, capital assets	<u>\$ 9,024,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,444,131</u>	<u>\$ (30,055)</u>	<u>\$ 11,438,861</u>

Depreciation expense of \$471,985 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$130,370,000. During fiscal year 2016, the City issued \$17,895,000 of general obligation bonds, \$10,920,000 of which was used for a current refunding bonds. The City refunded \$11,390,000 of general obligation bonds. The refunding was undertaken to reduce total debt service payments. The results of the transaction is a reduction of \$1,315,457 in future debt service payments for an economic gain of \$1,192,008.

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, 2016, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate purpose Series 2007A	12/01/2007	06/01/09-06/01/17	3.45-3.65	\$ 1,055,000	\$ 135,000
Corporate purpose (taxable) Series 2008C	11/04/2008	06/01/09-06/01/18	5.25-5.50	2,465,000	830,000
Corporate purpose (taxable) Series 2009A	11/10/2009	06/01/11-06/01/29	1.90-5.60	2,935,000	2,165,000
Corporate purpose (taxable) Series 2009B	11/10/2009	06/01/11-06/01/29	1.50-5.50	11,175,000	8,345,000
Refunding Series 2009C	11/10/2009	06/01/10-06/01/21	2.00-4.00	8,885,000	4,075,000
Corporate purpose and refunding Series 2010A	08/30/2010	06/01/11-06/01/30	2.00-3.00	4,470,000	3,330,000
Corporate purpose Series 2010B	08/30/2010	06/01/12-06/01/30	1.00-4.15	2,675,000	2,205,000
Corporate purpose Series 2010C	08/30/2010	06/01/12-06/01/30	2.00-3.00	2,825,000	2,240,000
Corporate purpose Series 2011A	09/01/2011	06/01/12-06/01/31	2.00-4.00	6,330,000	5,270,000
Corporate purpose (taxable) Series 2011B	09/01/2011	06/01/13-06/01/26	2.25-4.35	1,590,000	1,190,000
Corporate purpose Series 2012A	03/15/2012	06/01/14-06/01/31	2.00-3.00	4,380,000	3,760,000
Corporate purpose and refund Series 2012B	03/15/2012	06/01/13-06/01/31	2.00-3.13	7,495,000	6,370,000
Corporate purpose (taxable) Series 2012C	06/28/2012	06/01/14-06/01/32	2.00-3.90	6,965,000	6,090,000
Corporate purpose Series 2012D	06/28/2012	06/01/14-06/01/32	2.00-3.46	7,175,000	5,745,000
Corporate purpose Series 2012E	12/12/2012	06/01/14-06/01/32	2.00-3.00	3,640,000	3,045,000
Corporate purpose (taxable) Series 2012F	12/10/2012	06/01/14-06/01/22	1.00-2.20	1,035,000	790,000
Corporate purpose and refund Series 2012G	11/28/2012	06/01/14-06/01/17	1.00-1.25	950,000	195,000
Corporate purpose Series 2012H	12/10/2012	06/01/15-06/01/32	2.00-3.00	2,385,000	2,065,000
Corporate purpose (taxable) and refund Series 2012I	12/04/2013	06/01/13-06/01/21	0.30-2.20	7,285,000	3,005,000
Corporate purpose Series 2014B	12/08/2014	06/01/16-06/01/34	3.00-3.65	18,835,000	18,605,000
Corporate purpose (taxable) Series 2014C	12/08/2014	06/01/16-06/01/34	3.00-4.16	7,615,000	7,515,000
Corporate Purpose Series 2016A	04/04/2016	06/01/17-06/01/35	2.00-3.75	2,830,000	2,830,000
Corporate Purpose Refunding Series 20106B	04/04/2016	06/01/16-06/01/28	2.00-3.00	10,920,000	10,470,000
Corporate Purpose Series 2016C	04/04/2016	06/01/17-06/01/35	2.00-3.13	4,145,000	4,145,000
				<u>\$ 130,060,000</u>	<u>\$ 104,415,000</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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
2017	\$ 5,105,525	\$ 1,835,806	\$ 2,444,475	\$ 1,559,699
2018	5,265,410	1,681,372	2,449,590	1,485,118
2019	4,738,605	1,535,063	2,971,396	1,419,087
2020	4,776,035	1,404,860	2,994,065	1,329,526
2021	4,509,143	1,267,971	2,870,867	1,235,983
2022-2026	15,377,203	4,736,421	14,787,798	4,728,173
2027-2031	14,255,266	2,247,812	13,264,634	2,139,277
2032-2035	4,048,978	295,396	4,555,997	319,465
Total	<u>\$ 58,076,165</u>	<u>\$ 15,004,701</u>	<u>\$ 46,338,822</u>	<u>\$ 14,216,328</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, 2016, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year	Current Portion
Diamond Jo Parking Ramp	10/16/07	06/01/11-06/01/37	7.50 %	\$ 23,025,000	\$ 20,960,000	\$ 440,000
				<u>\$ 23,025,000</u>	<u>\$ 20,960,000</u>	<u>\$ 440,000</u>

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
2017	\$ 440,000	\$ 1,572,000
2018	475,000	1,539,000
2019	510,000	1,505,375
2020	550,000	1,465,125
2021	590,000	1,423,875
2022-2026	3,675,000	6,386,250
2027-2031	5,280,000	4,805,375
2032-2036	7,570,000	2,486,250
2037	1,870,000	140,250
Total	<u>\$ 20,960,000</u>	<u>\$ 21,323,500</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – LONG-TERM DEBT (continued)

Revenue Bonds. The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service.

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, 2016, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Water Utility Series 2008D	11/04/2008	06/01/10-06/01/23	3.00-5.00 %	\$ 1,195,000	\$ 675,000
Water Utility Series 2010D	09/21/2010	06/01/12-06/01/30	2.00-4.00	5,700,000	4,735,000
Sales Tax Incremental 2014	06/14/2014	06/01/23-06/01/29	4.00-5.00	7,190,000	7,190,000
Sales Tax Incremental 2015	06/15/2015	06/01/23-06/01/29	3.25-4.00	20,800,000	20,800,000
				<u>\$ 34,885,000</u>	<u>\$ 33,400,000</u>

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

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year June 30	Business-type Activities	
	Principal	Interest
2017	\$ 295,000	\$ 1,288,010
2018	305,000	1,278,978
2019	315,000	1,268,388
2020	330,000	1,257,408
2021	340,000	1,245,798
2022-2026	13,830,000	5,451,923
2027-2031	17,985,000	2,025,413
Total	<u>\$ 33,400,000</u>	<u>\$ 13,815,918</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – LONG-TERM DEBT (continued)

Notes Payable. Notes payable have been issued to provide funds for economic development and for the purchase of capital assets. Notes payable at June 30, 2016, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year	Current Portion
Theisen Supply	11/22/06	12/31/08-06/30/18	8.00 %	810,323	224,660	103,545
40 Main LLC	08/06/09	06/01/11-06/01/37	6.50	690,529	400,769	70,121
				<u>\$ 1,500,852</u>	<u>\$ 625,429</u>	<u>\$ 173,666</u>

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
2017	\$ 173,666	\$ 41,743
2018	195,880	28,381
2019	79,827	15,582
2020	85,174	10,235
2021	90,882	4,529
Total	<u>\$ 625,429</u>	<u>\$ 100,470</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – LONG-TERM DEBT (continued)

Capital Loan Notes. Revenue capital loan notes have been issued for the planning and construction of sewer, stormwater, and water capital projects through the State of Iowa State Revolving Loan Funds. The City issued an additional \$18,219,656 of SRF debt in 2016 as part of the Bee Branch stormwater construction project and \$3,611,923 for green alley projects reducing stormwater run off. The City has pledged income derived from the acquired or constructed assets to pay debt service. Capital loan notes payable at June 30, 2016, are as follows:

Purpose	Date Authorized	Final Maturity Date	Interest Rates	Amount Authorized	Amount Outstanding End of Year	Current Portion
Clean Water	01/14/09	06/01/28	3 %	\$ 1,847,000	\$ 1,238,000	\$ 86,000
Drinking Water	10/18/07	06/01/28	3	1,037,000	614,000	43,000
North Catfish Creek Stormwater	01/13/10	06/01/30	3	998,000	611,000	35,000
North Catfish Creek Sewer	01/13/10	06/01/30	3	1,141,000	697,000	40,000
Water Meter Replacement Stormwater	02/12/10	06/01/30	3	4,338,000	2,558,000	135,000
Water Meter Replacement Sewer	02/12/10	06/01/30	3	4,338,000	2,558,000	135,000
Upper Bee Branch Sewer	10/27/10	06/01/41	3	7,850,000	7,005,000	186,000
Water and Resource Recovery Center	08/18/10	06/01/39	3	74,285,000	65,061,080	2,344,000
Cogeneration	05/17/13	06/01/33	2	3,048,000	2,664,000	133,000
Bee Branch Stormwater	02/18/14	06/01/33	2	1,029,000	146,720	45,000
Bee Branch Stormwater	06/19/15	06/01/37	2	29,541,000	21,003,749	-
				<u>\$ 129,452,000</u>	<u>\$ 104,156,549</u>	<u>\$ 3,182,000</u>

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

Fiscal Year June 30	Business-type Activities	
	Principal	Interest
2017	\$ 3,182,000	\$ 1,902,253
2018	3,725,800	2,144,653
2019	4,337,999	2,112,441
2020	4,403,721	2,018,062
2021	3,696,292	1,921,277
2022-2026	23,854,000	8,165,273
2027-2031	25,924,000	5,448,829
2032-2036	25,051,656	2,521,410
2037-2040	9,981,080	265,590
Total	<u>\$ 104,156,548</u>	<u>\$ 26,499,788</u>

At June 30, 2016, the City of Dubuque had \$11,853,720 of capital loan note funds available. These funds are available to the City by filing a disbursement request with the State of Iowa. The City expects to use the remaining available funds by fiscal year 2018. The Sewer Utility revenue capital loan notes covenants include a requirement for the utility to produce net revenue of at least 110% of the current year debt service requirement.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – LONG-TERM DEBT (continued)

Loans Payable. Loans payable have been issued to fund several City projects. Loans payable at June 30, 2016, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year	Current Portion
Parking Lot Purchase	07/08/08	01/01/09-07/01/23	5.0 %	\$ 400,000	\$ 236,621	\$ 26,721
Building Purchase Agreement	02/01/10	02/01/10-02/01/16	0.0	330,000	47,142	47,142
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	800,000	50,000
				<u>\$ 6,230,000</u>	<u>\$ 5,583,763</u>	<u>\$ 123,863</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
2017	\$ 97,142	\$ 135,000	\$ 26,721	\$ 11,501
2018	50,000	135,000	28,074	10,148
2019	50,000	135,000	29,495	8,727
2020	132,922	135,000	30,988	7,234
2021	219,594	131,250	32,557	5,665
2022-2026	1,178,030	577,191	88,787	6,769
2027-2031	3,569,454	354,878	-	-
2032	50,000	-	-	-
Total	<u>\$ 5,347,142</u>	<u>\$ 1,603,319</u>	<u>\$ 236,622</u>	<u>\$ 50,044</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – LONG-TERM DEBT (continued)

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 59,101,394	\$ 8,583,881	\$ (9,609,091)	\$ 58,076,184	\$ 5,105,525
Unaccreted premium	650,334	292,521	(25,135)	917,720	-
Unamortized discounts	(136,787)	-	12,695	(124,092)	-
Total general obligation bonds	59,614,941	8,876,402	(9,621,531)	58,869,812	5,105,525
Tax increment financing bonds	21,370,000	-	(410,000)	20,960,000	440,000
Unamortized discounts	(204,054)	-	8,872	(195,182)	-
Total tax increment financing bonds	21,165,946	-	(401,128)	20,764,818	440,000
Notes payable	811,608	-	(186,179)	625,429	173,666
Loans payable	5,444,285	-	(97,143)	5,347,142	97,142
Compensated absences	6,391,352	3,042,687	(3,527,935)	5,906,104	350,138
Net pension liability	29,391,256	6,694,093	-	36,085,349	-
Net OPEB liability	3,423,868	385,990	-	3,809,858	-
Total governmental activities	\$ 126,243,256	\$ 18,999,172	\$ (13,833,916)	\$ 131,408,512	\$ 6,166,471
Business-type activities:					
General obligation bonds	\$ 45,773,606	\$ 9,311,118	\$ (8,745,902)	\$ 46,338,822	\$ 2,444,475
Unaccreted premium	227,870	353,320	(18,174)	563,016	-
Unamortized discounts	(133,082)	-	37,717	865,888	-
Total general obligation bonds	45,868,394	9,664,438	(8,726,359)	46,806,473	2,444,475
Revenue bonds	33,685,000	-	(285,000)	33,400,000	295,000
Unaccreted premium	932,248	-	(66,360)	865,888	-
Unamortized discounts	(73,816)	-	4,927	(68,889)	-
Total revenue bonds	34,543,432	-	(346,433)	34,196,999	295,000
Capital loan notes	85,447,973	21,831,578	(3,123,000)	104,156,551	3,182,000
Loans payable	262,055	-	(25,434)	236,621	26,721
Compensated absences	963,599	472,989	(533,409)	903,179	51,222
Net pension liability	3,706,983	988,686	-	4,695,669	-
Net OPEB liability	721,155	106,346	-	827,501	-
Total business-type activities	\$ 171,513,591	\$ 33,064,037	\$ (12,754,635)	\$ 191,822,993	\$ 5,999,418

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – LONG-TERM DEBT (continued)

Dubuque Metropolitan Area Solid Waste Agency

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

The Dubuque Area Metropolitan Solid Waste Agency will reimburse Dubuque County for interest and principal payments from operating revenue. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. The amount outstanding as of June 30, 2016 is as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
Landfill Facility	12/30/2014	06/01/16-06/34	2.0-4.0 %	\$ 4,500,000	\$ 4,315,000

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

<u>Fiscal Year June 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 190,000	\$ 123,884
2018	195,000	120,084
2019	195,000	116,184
2020	200,000	110,334
2021	205,000	104,334
2022-2026	1,125,000	426,031
2027-2031	1,310,000	264,773
2032-2034	895,000	57,760
Total	<u>\$ 4,315,000</u>	<u>\$ 1,323,384</u>

Changes in Long-Term Liabilities. Long term liability activity for the year ended June 30, 2016 is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General obligation bond	\$ 4,500,000	\$ -	\$ (185,000)	\$ 4,315,000	\$ 190,000
Unaccreted premium	139,086	-	(6,954)	132,132	-
Total general obligation bond	<u>\$ 4,639,086</u>	<u>\$ -</u>	<u>(191,954)</u>	<u>\$ 4,447,132</u>	<u>\$ 190,000</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – LONG-TERM DEBT (continued)

Dubuque Initiatives and Subsidiaries. At December 31, 2015, 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.*	1,224,340
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.**	<u>4,002,808</u> 26,218,724
Less: Current maturities	<u>(879,701)</u>
Non-current liability	<u>\$ 25,339,023</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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:

2016	\$	879,701
2017		559,088
2018		335,350
2019		352,507
2020		370,542
Thereafter		<u>23,721,536</u>
	<u>\$</u>	<u>26,218,724</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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RISK MANAGEMENT

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

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents which is included in the Internal Service Fund Type. Health benefits were self-insured up to an individual stop-loss amount of \$120,000, and an aggregate stop-loss of \$11,303,498 for 2016. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop-loss amount of \$600,000, and an aggregate-stop loss consistent with statutory limits for 2016. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense. The City purchases private insurance to include sworn Police Officers and Fire Fighters medical claims under a self- insured retention of \$750,000 for each accident.

All funds of the City participates in both programs and makes payments to the Health Insurance Reserve Fund and the Workers' Compensation Reserve Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$795,381 in the Health Insurance Reserve Fund and \$1,039,904 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, 2016 and 2015, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
Liabilities at June 30, 2014	\$ 749,763	\$ 1,082,310
Claims and changes in estimates during fiscal year 2015	9,393,954	1,411,769
Claim payments	(9,639,205)	(1,039,886)
Liabilities at June 30, 2015	504,512	1,454,193
Claims and changes in estimates during fiscal year 2016	11,710,806	(152,553)
Claim payments	(11,419,937)	(261,736)
Liabilities at June 30, 2016	<u>\$ 795,381</u>	<u>\$ 1,039,904</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – RISK MANAGEMENT (continued)

The City is a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 701 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. The City acquires automobile physical damage coverage through the Pool. All other property, inland marine, and boiler/machinery insurance is acquired through commercial insurance. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained not to exceed 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2016, were \$484,620.

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, 2016, 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, 2016

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, 2016.

Litigation

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

The City has booked a payable for settlement of the WCS v. City of Dubuque, lawsuit. City Council has approved a settlement agreement to pay \$1.6 million to WCS. Both parties agreed to arbitrate rather than litigate the case, which stems from site work the company performed in 2011 and 2012 related to construction of a new commercial terminal at Dubuque Regional Airport. W.C. Stewart claims the city was in breach of contract for failing to provide accurate geotechnical information. The company claimed it removed more rock and moved more dirt than was specified in its \$3.2 million contract, and that it was not paid for that additional work.

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2016. The City has additional commitments for signed construction contracts of \$23,065,639 as of June 30, 2016. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

Dubuque Metropolitan Area Solid Waste Agency has recognized a liability only that portion of construction contracts representing construction completed through June 30, 2016. DMASWA has an additional commitment for a signed construction contract of \$296,265 as of June 30, 2016. This commitment will be funded by bond proceeds.

Debt Guarantee

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

Dubuque Initiatives & Subsidiaries

Roshek Building, Inc. also anticipates receipt of State of Iowa Certified Historic Rehabilitation Tax Credit ('State Credits') in excess of \$10,000,000 and Federal Certified Historic Rehabilitation Tax Credits in excess of \$11,000,000. The funds will be used to retire debt. The State credits were subject to a completion of the rehabilitation project by December 31, 2010. The Organization has received all available Rehabilitation Tax Credits as of December 31, 2015 and satisfied compliance requirements. The Organization also received the benefit of new market tax credits during the project that carry a seven year compliance period, which expires during 2016. Compliance has been maintained as of December 31, 2015.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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

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

The following table shows the components of the City’s annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

Annual required contribution	\$ 456,947
Interest on net OPEB obligation	211,059
Adjustment to annual required contribution	<u>(200,046)</u>
Annual OPEB cost	467,960
Contributions made, net of retiree contributions	<u>36,964</u>
Increase in net OPEB obligation	504,924
Net OPEB obligation, beginning of year	4,221,177
Net OPEB obligation, end of year	<u><u>\$ 4,726,101</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the City paid \$480,830 for retiree claims. Plan members eligible for benefits contributed \$517,794 or 100% of the premium costs. The net resulted in City contributions of \$36,964.

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, 2016 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$ 467,960	(8)%	\$ 4,726,101
June 30, 2015	466,758	1	4,221,176
June 30, 2014	583,450	32	3,760,615

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$4,550,896, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,550,896. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$32,126,628 and the ratio of the UAAL to covered payroll was 14.17%. As of June 30, 2016, there were no trust fund assets.

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

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

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS

Iowa Public Employees Retirement System IPERS

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

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

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

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

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

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with the regular November benefit payments.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

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

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

In fiscal year 2016, pursuant to the required rate, regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's total contributions to IPERS for the year ended June 30, 2016 were \$2,196,542. The Dubuque Metropolitan Area Solid Waste Agency's total contribution to IPERS for the year ended June 30, 2016 were \$60,496.

City Specific IPERS Disclosures

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$17,358,468 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's collective proportion was .35135 percent which was a decrease of .01900 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$1,346,988. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
	_____	_____
Differences between expected and actual experience	\$ 262,262	\$ -
Changes of assumptions	477,929	-
Net difference between projected and actual earnings on pension plan investments	-	1,444,678
Net Change in proportion and differences between City contributions and proportionate share of contributions	64,767	582,080
City contributions subsequent to the measurement date	2,196,542	-
	_____	_____
Total	<u>\$ 3,001,500</u>	<u>\$ 2,026,758</u>

\$2,196,542 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Total
_____	_____
2016	\$ (599,231)
2017	(599,231)
2018	(599,231)
2019	602,839
2020	(26,946)

	<u>\$ (1,221,800)</u>

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability:	\$ 30,391,555	\$ 17,358,468	\$ 6,357,608

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

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the DMASWA reported a liability of \$478,004 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The DMASWA's proportion of the net pension liability was based on the DMASWA's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the DMASWA's collective proportion was 0.009615 percent which was a decrease of 0.000310 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the DMASWA recognized pension expense of \$37,092. At June 30, 2016, the DMASWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,224	\$ -
Changes of assumptions	13,163	-
Net difference between projected and actual earnings on pension plan investments	-	39,782
Net changes in proportion and differences between City contributions and proportionate share of contributions	1,771	16,029
City contributions subsequent to the measurement date	60,496	-
Total	<u>\$ 82,654</u>	<u>\$ 55,811</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

\$60,496 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Total
2016	\$ (16,628)
2017	(16,628)
2018	(16,628)
2019	16,728
2020	(497)
	\$ (33,653)

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Agency's proportionate share of the net pension liability:	\$ 836,898	\$ 478,004	\$ 175,070

There were no non-employer contributing entries at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2015)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term Investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 1990)	4.00 percent per annum based on 3 percent inflation and 1 percent real wage inflation

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	28%	2.04
Domestic Income	24	6.29
International Equity	16	6.75
Private Equity/debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

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

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

Payables to the Pension Plan - At June 30, 2016, the City reported no payables to the defined benefit pension plan for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

Municipal Fire and Police Retirement System of Iowa MFPRSI

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

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

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

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

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

Disability and Death Benefits - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2016.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 27.77% for the year ended June 30, 2016.

The City's contributions to MFPRSI for the year ended June 30, 2016 was \$3,727,581.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2016.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$23,422,551 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the new pension liability was determined by an

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2015, the City's proportion was 4.985491% which was a decrease of 0.0933% from its proportions measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$2,057,499. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 629,602	\$ 40,028
Changes of assumptions	1,762,359	-
Net difference between projected and actual earnings on pension plan investments	-	2,410,920
Changes in proportion and differences between City contributions and proportionate share of contributions	-	480,969
City contributions subsequent to the measurement date	3,727,581	-
Total	<u>\$ 6,119,542</u>	<u>\$ 2,931,917</u>

\$3,727,581 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Total
2016	\$ (671,819)
2017	(671,819)
2018	(671,819)
2019	1,350,555
2020	124,947
	<u>\$ (539,955)</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

Actuarial Assumptions: The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 1/12 of the 1971 GAM table and 11/12 of the 1994 GAM table with no projection of future mortality improvement.

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

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

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

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability:	\$ 40,779,355	\$ 23,422,551	\$ 9,001,074

Pension Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI’s website at www.mfprsi.org.

Payables to the Pension Plan - At June 30, 2016, City of Dubuque, Iowa reported payables to the defined benefit pension plan of \$25,716 for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 – LANDFILL CLOSURE AND POST CLOSURE CARE

To comply with federal (40 CFR 258.74) and state regulations (IAC 113.14 (455b)), the DMASWA is required to complete a closure and post-closure plan and to provide funding necessary to effect that plan, including the proper monitoring and care of the landfill after closure. Once the landfill is no longer accepting waste and is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting leachate (the liquid that drains out of waste) for thirty years.

State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. A variety of financial mechanisms can be used to demonstrate compliance with federal and state financial assurance rules.

The Agency utilizes the dedicated fund mechanism, which is funded through the tipping fees it receives. The Agency files an annual report with the State to provide compliance with its legal requirements of maintaining a balance per the prescribed formula. Any adjustments to the account are made prior to June 30.

The Agency is required to estimate total landfill closure and post-closure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs, for closure and post-closure, would consist of four components: (1) the cost of equipment and facilities used in post-closure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of environmental monitoring of the landfill during the post-closure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on an engineer's estimate for these services is required to be updated annually for changes due to inflation or deflation, technology, and/or changes to applicable laws or regulations.

The Agency's estimated closure and post-closure care expected costs are as follows:

	<u>2016</u>
Closure	\$ 2,240,156
Post-closure care	<u>1,485,000</u>
Totals	\$ 3,725,156

The total closure and post-closure care costs for the DMASWA has been estimated at approximately \$3,725,156 as of June 30, 2016, and the portion of the liability, that has been recognized is \$2,794,735.

This liability represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of cells 1, 2, 3, 4, 5, 6, 7 and 8, and 80% of cell 9 Phase 1 and 25% of cell 9 Phase 2. The Agency has accumulated resources to fund closure and post-closure costs; they are included in assets whose use is limited on the balance sheet and total \$4,443,440 as of June 30, 2016. The Agency will recognize the remaining estimated cost of closure and post closure care of \$930,421 over the estimated remaining life of 23 years as the remaining capacity is filled.

NOTE 13 – LEASES WHERE CITY IS LESSOR

The City of Dubuque leases riverfront property, airport property (hangars and terminal space), farm land, parking areas, space for antennas on top of water towers, and concession areas under operating leases. The most significant lease is the lease of the greyhound racing and gambling facility and related parking area to the Dubuque Racing Association (DRA). The City's cost of the leased DRA assets total \$10,144,771. The carrying amount of the assets at June 30, 2016 is \$6,441,778, with \$142,423 of depreciation expense during the year ended June 30, 2016. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2016, the DRA lease generated \$5,003,434 in lease revenue.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – SUBSEQUENT EVENTS

On December 19, 2016, the Dubuque City Council approved to purchase a private water system from the Central Iowa Water Association (CIWA). The purchase agreement would settle litigation between the City and CIWA and transfer ownership of the private water system to the City of Dubuque. Dubuque's municipal water system has readily available capacity. The agreement has unique terms for each customer area. CIWA will assign its Vernon water service agreements (approximately 165 customers) and Barrington Lakes Property Owners Association (BLPOA) water systems agreement (approximately 155 customers), to the City of Dubuque. On or before December 31, 2016, the BLPOA must decide whether it wants to receive City water or opt out of that agreement.

If the Barrington Lakes residents choose not to use City water, the City would purchase the CIWA system, excluding Barrington Lakes, for \$4.1 million. The purchase price would be payable through four annual payments. The City would issue an \$8 million Iowa Finance Authority State Revolving Fund loan with a 20-year term to fund the purchase of the CIWA system and for the construction of new water lines to the water tower. If the City purchases the CIWA system, including Barrington Lakes, the cost is \$6.1 million, also payable through six annual payments. The City would issue an \$11 million Iowa Finance Authority State Revolving Fund loan with a 20-year term. Principal payments on the Iowa Finance Authority State Revolving Fund (SRF) loan would not begin until June 1, 2018.

The first contract payment of \$1,110,000 will be due on December 20, 2016, under either scenario. Initial contract payments would be paid from the City's water fund reserve and then reimbursed by the SRF loan when proceeds are available in 2017. The SRF loan would be repaid by revenue from water fees. Additionally, a portion of the CIWA service areas involved in the proposed purchase will be in Housing TIF (Tax Increment Finance) areas and some of that revenue will be used for loan repayments. The City would also delay several water service related CIP projects totaling almost \$1.6 million which could be completed at a later date.

On December 5, 2016 Dubuque County, Iowa authorized \$5.1 million in general obligation bonds for the purpose of funding the construction of landfill facility improvements by the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), of which the County is an organized member. The proceeds of the bonds will be transferred to the DMASWA in March of 2017. The DMASWA will set up a long-term note payable to the County to reimburse the County for all debt service payments related to the 2016 bond issue. The interest rate on the bonds range from 3.00% to 3.25%, with a maturity date of June 1, 2036.

NOTE 15 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS (continued)

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

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

Statement No. 78, Pension Provided through Certain Multiple Employer Defined Benefit Pension Plans, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Statement No. 79, Certain External Investment Pools and Pool Participants, will be effective for the fiscal year June 30, 2017. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

Statement No. 80, Blending Requirement for Certain Component Units, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.

Statement No. 81 Irrevocable Split-Interest Agreements, will be effective for the fiscal year June 30, 2018. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Statement No. 82, Pension Issues-an Amendment of No. 67, 68, & 73, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

Required Supplementary Information
June 30, 2016
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, 2016

	Actual	Budgeted Amounts		Final to Actual
		Original	Final	Variance
RECEIPTS				
Property tax	\$ 24,082,860	\$ 24,082,860	\$ 24,082,860	\$ -
Tax increment financing	9,395,173	9,866,823	9,866,823	(471,650)
Other City tax	11,417,044	16,693,150	17,512,174	(6,095,130)
Licenses and permits	6,339,471	1,652,955	1,415,087	4,924,384
Use of money and property	13,865,982	12,258,833	13,323,671	542,311
Intergovernmental	33,809,422	37,519,418	70,780,332	(36,970,910)
Charges for fees and service	37,724,416	40,375,398	40,066,558	(2,342,142)
Special assessments	316,279	54,000	145,667	170,612
Miscellaneous	9,460,499	8,360,701	10,351,697	(891,198)
Total Receipts	<u>146,411,146</u>	<u>150,864,138</u>	<u>187,544,869</u>	<u>(41,133,723)</u>
EXPENDITURES				
Public safety	27,716,209	27,915,176	28,897,544	1,181,335
Public works	11,393,683	13,085,057	13,598,191	2,204,508
Health and social services	1,043,170	1,061,444	1,148,343	105,173
Culture and recreation	11,392,093	11,327,820	11,927,357	535,264
Community and economic development	13,417,640	12,712,312	13,643,912	226,272
General government	8,107,876	7,768,723	8,052,658	(55,218)
Debt service	14,744,640	9,948,088	14,733,088	(11,552)
Capital projects	40,545,227	39,757,912	97,946,081	57,400,854
Business-type activities	80,035,868	78,694,186	115,233,641	35,197,773
Total Expenditures	<u>208,396,406</u>	<u>202,270,718</u>	<u>305,180,815</u>	<u>96,784,409</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES	<u>(61,985,260)</u>	<u>(51,406,580)</u>	<u>(117,635,946)</u>	<u>55,650,686</u>
OTHER FINANCING SOURCES, NET	<u>41,266,240</u>	<u>50,382,376</u>	<u>55,720,820</u>	<u>(14,454,580)</u>
EXCESS DEFICIENCY OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(20,719,020)</u>	<u>(1,024,204)</u>	<u>(61,915,126)</u>	<u>41,196,106</u>
BALANCE, BEGINNING OF YEAR	<u>92,138,677</u>	<u>22,664,094</u>	<u>102,091,141</u>	<u>-</u>
BALANCE, ENDING OF YEAR	<u>\$ 71,419,657</u>	<u>\$ 21,639,890</u>	<u>\$ 40,176,015</u>	<u>\$ 41,196,106</u>

See Notes to Required Supplementary Information.

CITY OF DUBUQUE, IOWA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, was amended two times during the year to allow the City to increased function expenditures by \$102,910,097 primarily for the carry-forward of unfinished capital improvement projects. During the year ended June 30, 2016, expenses for general government and debt service exceeded the budgeted amount.

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

	Budgetary Basis	Accrual Adjustments	Modified Accrual/Accrual Basis	Governmental Funds Modified Accrual Basis	Enterprise Funds Accrual Basis	Total
Receipts/Revenue	\$ 146,411,146	\$ (5,290,925)	\$ 141,120,221	\$ 106,147,129	\$ 34,973,092	\$ 141,120,221
Expenditures/Expenses	208,396,406	(51,223,645)	157,172,761	120,983,178	36,189,583	157,172,761
Deficiency of Receipts/Revenue Under Expenditures/Expenses	(61,985,260)	45,932,720	(16,052,540)	(14,836,049)	(1,216,491)	(16,052,540)
Other Financing Sources	41,266,240	(24,475,355)	16,790,885	9,046,676	7,744,209	16,790,885
Net	(20,719,020)	21,457,365	738,345	(5,789,373)	6,527,718	738,345
Balance, Beginning	92,138,677	118,978,025	211,116,702	59,401,841	151,714,861	211,116,702
Balance, Ending	\$ 71,419,657	\$ 140,435,390	\$ 211,855,047	\$ 53,612,468	\$ 158,242,579	\$ 211,855,047

CITY OF DUBUQUE, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS*
(IN THOUSANDS)

Required Supplementary Information

	2016	2015
City's proportion of the net pension liability (asset)	0.35135 %	0.37035 %
City's proportionate share of the net pension liability	\$ 17,358	\$ 14,688
City's covered-employee payroll	\$ 24,039	\$ 24,210
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.21 %	60.67 %
Plan fiduciary net position as a percentage of the total pension liability	85.19 %	87.61 %

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year.

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

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

Required Supplementary Information

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 2,196	\$ 2,151	\$ 2,164	\$ 2,022	\$ 1,911	\$ 1,573	\$ 1,415	\$ 1,275	\$ 1,164	\$ 1,039
Contributions in relation to the statutorily required contribution	(2,196)	(2,151)	(2,164)	(2,022)	(1,911)	(1,573)	(1,415)	(1,275)	(1,164)	(1,039)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 24,597	\$ 24,039	\$ 24,210	\$ 23,321	\$ 23,676	\$ 22,627	\$ 21,275	\$ 20,071	\$ 19,246	\$ 18,065
Contributions as a percentage of covered-employee payroll	8.93 %	8.95 %	8.94 %	8.67 %	8.07 %	6.95 %	6.65 %	6.35 %	6.05 %	5.75 %

CITY OF DUBUQUE, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -- PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEMS
YEAR ENDED JUNE 30, 2016

Changes of benefit terms:

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

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

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

Changes of assumption:

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

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -- PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEMS
YEAR ENDED JUNE 30, 2016 (continued)

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

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

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

CITY OF DUBUQUE, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST TWO FISCAL YEARS*
(IN THOUSANDS)

Required Supplementary Information

	2016	2015
City's proportion of the net pension liability (asset)	4.9854 %	5.0788 %
City's proportionate share of the net pension liability	\$ 23,423	\$ 18,410
City's covered-employee payroll	\$ 13,052	\$ 12,968
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	179.46 %	141.96 %
Plan fiduciary net position as a percentage of the total pension liability	83.04 %	86.27 %

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year.

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

**CITY OF DUBUQUE, IOWA
SCHEDULE OF THE CITY CONTRIBUTION
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST 10 FISCAL YEARS
(IN THOUSANDS)**

Required Supplementary Information

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 3,727	\$ 3,969	\$ 3,906	\$ 3,310	\$ 3,177	\$ 2,404	\$ 1,966	\$ 2,078	\$ 2,632	\$ 2,730
Contributions in relation to the statutorily required contribution	(3,727)	(3,969)	(3,906)	(3,310)	(3,177)	(2,404)	(1,966)	(2,078)	(2,632)	(2,730)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 13,423	\$ 13,052	\$ 12,968	\$ 12,672	\$ 12,831	\$ 12,080	\$ 11,565	\$ 11,083	\$ 10,330	\$ 9,838
Contributions as a percentage of covered-employee payroll	27.77 %	30.41 %	30.12 %	26.12 %	24.76 %	19.90 %	17.00 %	18.75 %	25.48 %	27.75 %

CITY OF DUBUQUE, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -- PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
YEAR ENDED JUNE 30, 2016

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions

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

CITY OF DUBUQUE, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN (OPEB)
FOR THE YEAR ENDED JUNE 30, 2016

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)
2012	07/01/10	-	\$ 5,481,802	\$ 5,481,802	- %	\$ 31,183,497	17.60 %
2014	07/01/12	-	5,720,577	\$ 5,720,577	-	32,626,573	17.43
2016	07/01/14	-	4,550,896	4,550,896	-	32,126,628	14.17

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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.

General Construction Fund – This fund is used to account for the resources and costs related to general 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, 2016**

	Special Revenue Funds			
	Road Use Tax	Section VIII Housing	Employee Benefits	Tort Liability
ASSETS				
Cash and pooled cash investments	\$ 2,745,388	\$ 396,538	\$ -	\$ -
Receivables				
Property tax				
Delinquent	-	-	30,997	2,351
Succeeding year	-	-	5,438,547	352,838
Accounts and other	4,049	47,771	-	-
Special assessments	-	-	-	-
Accrued interest	-	1,946	-	-
Notes	-	-	-	-
Intergovernmental	536,404	-	-	-
Inventories	450,199	-	-	-
Prepaid items	12,500	-	-	-
Restricted cash and pooled cash investments	-	159,500	-	-
Total Assets	<u>\$ 3,748,540</u>	<u>\$ 605,755</u>	<u>\$ 5,469,544</u>	<u>\$ 355,189</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 375,938	\$ 173,704	\$ -	\$ -
Accrued payroll	55,386	9,865	-	-
Intergovernmental payable	-	7,978	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	11,327	-	-
Total Liabilities	<u>431,324</u>	<u>202,874</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Succeeding year property tax	-	-	5,438,547	352,838
Special assessments	-	-	-	-
Grants	-	-	-	-
Other	-	-	7,146	542
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>5,445,693</u>	<u>353,380</u>
FUND BALANCES				
Nonspendable:				
Endowment corpus	-	-	-	-
Inventory	450,199	-	-	-
Prepaid items	12,500	-	-	-
Restricted:				
Endowments	-	-	-	-
Library	-	-	-	-
Capital improvements	2,854,517	-	-	-
Franchise agreement	-	-	-	-
Special assessments	-	-	-	-
Claims	-	-	-	1,809
Iowa Finance Authority Trust	-	-	-	-
Community programs	-	402,881	-	-
Employee benefits	-	-	23,851	-
Committed, capital improvements	-	-	-	-
Total Fund Balances	<u>3,317,216</u>	<u>402,881</u>	<u>23,851</u>	<u>1,809</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,748,540</u>	<u>\$ 605,755</u>	<u>\$ 5,469,544</u>	<u>\$ 355,189</u>

Special Revenue Funds					Capital Projects Funds			
Special Assessments	Cable TV	Library Expendable Gifts Trust	IFA Housing Trust	Community Development	Airport Construction	General Construction	Sales Tax Construction	
\$ 67	\$ 360,756	\$ 1,255,628	\$ 69,297	\$ 2,152,128	\$ -	\$ 532,767	\$ 2,863,562	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	146,898	-	-	-	-	-	-	
675,864	-	-	-	-	-	-	-	
1	684	2,392	-	24,197	-	237	6,705	
-	-	-	109,852	6,497,173	-	9,706	657,518	
-	-	-	1,623	129,430	2,355,706	132,201	303,180	
-	-	-	-	-	-	-	-	
-	16,285	-	-	4,896	-	-	-	
-	-	-	-	20,066	1,164,337	5,344,652	1,791,476	
<u>\$ 675,932</u>	<u>\$ 524,623</u>	<u>\$ 1,258,020</u>	<u>\$ 180,772</u>	<u>\$ 8,827,890</u>	<u>\$ 3,520,043</u>	<u>\$ 6,019,563</u>	<u>\$ 5,622,441</u>	
\$ -	\$ 2,849	\$ 5,789	\$ -	\$ 46,462	\$ 835,480	\$ 332,939	\$ 50,488	
-	4,955	-	-	14,294	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	625,222	-	-	
-	-	-	-	-	-	-	-	
-	7,804	5,789	-	60,756	1,460,702	332,939	50,488	
-	-	-	-	-	-	-	-	
645,727	-	-	-	-	-	-	-	
-	-	-	1,623	46,707	1,781,084	132,201	-	
-	-	-	-	-	-	-	-	
<u>645,727</u>	<u>-</u>	<u>-</u>	<u>1,623</u>	<u>46,707</u>	<u>1,781,084</u>	<u>132,201</u>	<u>-</u>	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	16,285	-	-	4,896	-	-	-	
-	-	-	-	-	-	-	-	
-	-	1,252,231	-	-	-	-	-	
-	-	-	-	-	278,257	5,554,423	-	
-	500,534	-	-	-	-	-	-	
30,205	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	179,149	-	-	-	-	
-	-	-	-	8,715,531	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	5,571,953	
<u>30,205</u>	<u>516,819</u>	<u>1,252,231</u>	<u>179,149</u>	<u>8,720,427</u>	<u>278,257</u>	<u>5,554,423</u>	<u>5,571,953</u>	
<u>\$ 675,932</u>	<u>\$ 524,623</u>	<u>\$ 1,258,020</u>	<u>\$ 180,772</u>	<u>\$ 8,827,890</u>	<u>\$ 3,520,043</u>	<u>\$ 6,019,563</u>	<u>\$ 5,622,441</u>	

(Continued)

CITY OF DUBUQUE, IOWA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

EXHIBIT A-1
 (continued)

	Permanent Funds		
	Ella Lyons Peony Trail Trust	Library Gifts Trust	Total Nonmajor Governmental Funds
ASSETS			
Cash and pooled cash investments	\$ -	\$ 86	\$ 10,376,217
Receivables			
Property tax			
Delinquent	-	-	33,348
Succeeding year	-	-	5,791,385
Accounts and other	-	-	198,718
Special assessments	-	-	675,864
Accrued interest	93	35	36,290
Notes	-	-	7,274,249
Intergovernmental	-	-	3,458,544
Inventories	-	-	450,199
Prepaid items	-	-	33,681
Restricted cash and pooled cash investments	158,647	18,072	8,656,750
Total Assets	<u>\$ 158,740</u>	<u>\$ 18,193</u>	<u>\$ 36,985,245</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 1,823,649
Accrued payroll	-	-	84,500
Intergovernmental payable	-	-	7,978
Due to other funds	-	-	625,222
Unearned revenue	-	-	11,327
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,552,676</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues			
Succeeding year property tax	-	-	5,791,385
Special assessments	-	-	645,727
Grants	-	-	1,961,615
Other	-	-	7,688
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>8,406,415</u>
FUND BALANCES			
Nonspendable:			
Endowment corpus	57,412	12,000	69,412
Inventory	-	-	450,199
Prepaid items	-	-	33,681
Restricted:			
Endowments	101,328	6,193	107,521
Library	-	-	1,252,231
Capital improvements	-	-	8,687,197
Franchise agreement	-	-	500,534
Special assessments	-	-	30,205
Claims	-	-	1,809
Iowa Finance Authority Trust	-	-	179,149
Community programs	-	-	9,118,412
Employee benefits	-	-	23,851
Committed, capital improvements	-	-	5,571,953
Total Fund Balances	<u>158,740</u>	<u>18,193</u>	<u>26,026,154</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 158,740</u>	<u>\$ 18,193</u>	<u>\$ 36,985,245</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Road Use Tax	Section VIII Housing	Employee Benefits	Tort Liability
REVENUES				
Taxes	\$ -	\$ -	\$ 5,105,703	\$ 387,527
Special assessments	-	-	-	-
Intergovernmental	7,077,733	4,539,017	-	-
Charges for services	-	-	-	-
Investment earnings	-	11,976	-	-
Contributions	-	1,720	-	-
Miscellaneous	57,812	99,248	-	-
Total Revenues	<u>7,135,545</u>	<u>4,651,961</u>	<u>5,105,703</u>	<u>387,527</u>
EXPENDITURES				
Governmental activities				
Current				
Public works	5,694,866	-	-	-
Health and social services	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	4,968,537	-	-
General government	9,748	-	240	-
Capital projects	30,843	-	-	-
Total Expenditures	<u>5,735,457</u>	<u>4,968,537</u>	<u>240</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,400,088</u>	<u>(316,576)</u>	<u>5,105,463</u>	<u>387,527</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Premium on bonds	-	-	-	-
Transfers in	-	224,166	-	-
Transfers out	(228,246)	-	(5,109,383)	(387,782)
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>(228,246)</u>	<u>224,166</u>	<u>(5,109,383)</u>	<u>(387,782)</u>
NET CHANGE IN FUND BALANCES	1,171,842	(92,410)	(3,920)	(255)
FUND BALANCES, BEGINNING	<u>2,145,374</u>	<u>495,291</u>	<u>27,771</u>	<u>2,064</u>
FUND BALANCES, ENDING	<u>\$ 3,317,216</u>	<u>\$ 402,881</u>	<u>\$ 23,851</u>	<u>\$ 1,809</u>

Special Revenue Funds					Capital Projects Funds		
Special Assessments	Cable TV	Library Expendable Gifts Trust	IFA Housing Trust	Community Development	Airport Construction	General Construction	Sales Tax Construction
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,831,081
111,193	-	-	-	-	-	-	-
-	-	-	110,229	1,020,491	5,553,641	142,415	54,794
-	1,260	9,327	-	7,894	208,748	-	-
58,191	4,443	14,842	-	65,052	10,835	21,401	51,618
-	-	61,953	-	975	10,000	3,254	15,000
8,845	591,919	87,984	-	11,312	-	-	3,033
<u>178,229</u>	<u>597,622</u>	<u>174,106</u>	<u>110,229</u>	<u>1,105,724</u>	<u>5,783,224</u>	<u>167,070</u>	<u>1,955,526</u>
-	-	-	-	73,500	-	30,420	-
-	592	-	-	10,000	-	-	-
-	-	100,664	-	111,534	-	-	-
-	-	-	23,631	1,510,012	-	-	-
-	498,131	-	-	-	-	-	-
-	-	-	-	41,167	7,504,433	5,038,039	1,518,812
<u>-</u>	<u>498,723</u>	<u>100,664</u>	<u>23,631</u>	<u>1,746,213</u>	<u>7,504,433</u>	<u>5,068,459</u>	<u>1,518,812</u>
<u>178,229</u>	<u>98,899</u>	<u>73,442</u>	<u>86,598</u>	<u>(640,489)</u>	<u>(1,721,209)</u>	<u>(4,901,389)</u>	<u>436,714</u>
-	-	-	-	-	635,217	-	468,665
-	-	-	-	-	4,719	-	3,481
-	-	-	-	32,453	326,874	715,454	1,116
(183,677)	-	(33,581)	-	(3,140)	(205,731)	(206,572)	(997,019)
-	-	-	-	129,250	-	31,817	14,437
<u>(183,677)</u>	<u>-</u>	<u>(33,581)</u>	<u>-</u>	<u>158,563</u>	<u>761,079</u>	<u>540,699</u>	<u>(509,320)</u>
(5,448)	98,899	39,861	86,598	(481,926)	(960,130)	(4,360,690)	(72,606)
<u>35,653</u>	<u>417,920</u>	<u>1,212,370</u>	<u>92,551</u>	<u>9,202,353</u>	<u>1,238,387</u>	<u>9,915,113</u>	<u>5,644,559</u>
<u>\$ 30,205</u>	<u>\$ 516,819</u>	<u>\$ 1,252,231</u>	<u>\$ 179,149</u>	<u>\$ 8,720,427</u>	<u>\$ 278,257</u>	<u>\$ 5,554,423</u>	<u>\$ 5,571,953</u>

(Continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT A-2
(continued)

	<u>Permanent Funds</u>		
	Ella Lyons Peony Trail Trust	Library Gifts Trust	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 7,324,311
Special assessments	-	-	111,193
Intergovernmental	-	-	18,498,320
Charges for services	-	-	227,229
Investment earnings	20,140	211	258,709
Contributions	-	-	92,902
Miscellaneous	-	60	860,213
Total Revenues	<u>20,140</u>	<u>271</u>	<u>27,372,877</u>
EXPENDITURES			
Governmental activities			
Current			
Public works	-	-	5,798,786
Health and social services	-	-	10,592
Culture and recreation	2,084	2,990	217,272
Community and economic development	-	-	6,502,180
General government	-	-	508,119
Capital projects	-	-	14,133,294
Total Expenditures	<u>2,084</u>	<u>2,990</u>	<u>27,170,243</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>18,056</u>	<u>(2,719)</u>	<u>202,634</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	1,103,882
Premium on bonds	-	-	8,200
Transfers in	-	-	1,300,063
Transfers out	(584)	-	(7,355,715)
Sale of capital assets	-	-	175,504
Total Other Financing Sources (Uses)	<u>(584)</u>	<u>-</u>	<u>(4,768,066)</u>
NET CHANGE IN FUND BALANCES	17,472	(2,719)	(4,565,432)
FUND BALANCES, BEGINNING	<u>141,268</u>	<u>20,912</u>	<u>30,591,586</u>
FUND BALANCES, ENDING	<u>\$ 158,740</u>	<u>\$ 18,193</u>	<u>\$ 26,026,154</u>

NONMAJOR ENTERPRISE FUNDS

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

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

Transit 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, 2016**

EXHIBIT B-1

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
ASSETS					
CURRENT ASSETS					
Cash and pooled cash investments	\$ 600,001	\$ 138,510	\$ 455	\$ -	\$ 738,966
Receivables					
Accounts	327,998	23,198	-	-	351,196
Accrued interest	1,240	-	1	-	1,241
Intergovernmental	-	1,978,398	-	-	1,978,398
Prepaid items	-	9,431	-	-	9,431
Total Current Assets	929,239	2,149,537	456	-	3,079,232
NONCURRENT ASSETS					
Restricted cash and pooled cash investments	50,000	20,511	-	-	70,511
Capital assets					
Land	-	36,000	-	-	36,000
Buildings	-	7,161,486	175,458	-	7,336,944
Improvements to other than buildings	-	796,092	686,312	-	1,482,404
Machinery and equipment	2,322,582	6,163,031	36,342	-	8,521,955
Accumulated depreciation	(1,284,677)	(4,368,192)	(67,024)	-	(5,719,893)
Net Capital Assets	1,037,905	9,788,417	831,088	-	11,657,410
Total Noncurrent Assets	1,087,905	9,808,928	831,088	-	11,727,921
Total Assets	2,017,144	11,958,465	831,544	-	14,807,153
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows	126,803	208,003	-	-	334,806
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	3,006	732,603	72,830	7,041	815,480
Accrued payroll	40,813	63,657	-	-	104,470
General obligation bonds payable	4,656	-	-	-	4,656
Accrued compensated absences	889	4,134	-	-	5,023
Accrued interest payable	243	-	-	-	243
Total Current Liabilities	49,607	800,394	72,830	7,041	929,872
NONCURRENT LIABILITIES					
General obligation bonds payable	80,771	-	-	-	80,771
Accrued Compensated Absences	267,546	12,089	-	-	279,635
Net pension liability	733,334	1,202,932	-	-	1,936,266
Net OPEB Liability	188,550	70,471	-	-	259,021
Total Noncurrent Liabilities	1,270,201	1,285,492	-	-	2,555,693
Total Liabilities	1,319,808	2,085,886	72,830	7,041	3,485,565
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred inflows	85,624	140,453	-	-	226,077
NET POSITION					
Net investment in capital assets	952,478	9,788,417	831,088	-	11,571,983
Restricted by bond ordinance/development agreement	-	404,269	-	-	404,269
Unrestricted	(213,963)	(252,557)	(72,374)	(7,041)	(545,935)
Total Net Position	\$ 738,515	\$ 9,940,129	\$ 758,714	\$ (7,041)	\$ 11,430,317

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT B-2

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
OPERATING REVENUES					
Charges for sales and services	\$ 3,856,455	\$ 335,334	\$ 81,720	\$ -	\$ 4,273,509
Other	885	128,354	-	1,605	130,844
Total Operating Revenues	<u>3,857,340</u>	<u>463,688</u>	<u>81,720</u>	<u>1,605</u>	<u>4,404,353</u>
OPERATING EXPENSES					
Employee expense	2,712,748	2,544,475	-	-	5,257,223
Utilities	16,898	88,717	-	-	105,615
Repairs and maintenance	270,570	451,464	1,675	-	723,709
Supplies and services	663,406	584,309	152,302	21,521	1,421,538
Insurance	19,658	47,832	-	-	67,490
Depreciation	282,494	558,170	27,640	-	868,304
Total Operating Expenses	<u>3,965,774</u>	<u>4,274,967</u>	<u>181,617</u>	<u>21,521</u>	<u>8,443,879</u>
OPERATING INCOME (LOSS)	<u>(108,434)</u>	<u>(3,811,279)</u>	<u>(99,897)</u>	<u>(19,916)</u>	<u>(4,039,526)</u>
NONOPERATING REVENUES					
Intergovernmental	-	2,089,551	-	-	2,089,551
Investment earnings	9,259	4,430	(29)	-	13,660
Contributions	-	35,708	-	-	35,708
Interest expense	(2,987)	-	-	-	(2,987)
Gain on disposal of assets	32	-	-	-	32
Net Nonoperating Revenues	<u>6,304</u>	<u>2,129,689</u>	<u>(29)</u>	<u>-</u>	<u>2,135,964</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(102,130)</u>	<u>(1,681,590)</u>	<u>(99,926)</u>	<u>(19,916)</u>	<u>(1,903,562)</u>
CAPITAL CONTRIBUTIONS	-	1,108,386	-	-	1,108,386
TRANSFERS IN	-	1,091,146	-	14,890	1,106,036
TRANSFERS OUT	-	(9,367,350)	-	-	(9,367,350)
CHANGE IN NET POSITION	<u>(102,130)</u>	<u>(8,849,408)</u>	<u>(99,926)</u>	<u>(5,026)</u>	<u>(9,056,490)</u>
NET POSITION, BEGINNING	<u>840,645</u>	<u>18,789,537</u>	<u>858,640</u>	<u>(2,015)</u>	<u>20,486,807</u>
NET POSITION, ENDING	<u>\$ 738,515</u>	<u>\$ 9,940,129</u>	<u>\$ 758,714</u>	<u>\$ (7,041)</u>	<u>\$ 11,430,317</u>

**CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2016**

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 3,850,931	\$ 325,685	\$ 81,690	\$ -	\$ 4,258,306
Cash payments to suppliers for goods and services	(982,267)	(2,852,303)	(81,147)	(16,495)	(3,932,212)
Cash payments to employees for services	(2,715,850)	(2,410,240)	-	-	(5,126,090)
Other operating receipts	885	128,354	-	1,605	130,844
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>153,699</u>	<u>(4,808,504)</u>	<u>543</u>	<u>(14,890)</u>	<u>(4,669,152)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	1,091,146	-	14,890	1,106,036
Contributions	-	35,708	-	-	35,708
Intergovernmental grant proceeds	-	3,371,295	-	-	3,371,295
Payment of interfund balances	-	-	(88)	-	(88)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>4,498,149</u>	<u>(88)</u>	<u>14,890</u>	<u>4,512,951</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	32	-	-	-	32
Acquisition and construction of capital assets	(327,000)	(2,153,516)	-	-	(2,480,516)
Principal Paid	(4,626)	-	-	-	(4,626)
Interest paid	(3,013)	-	-	-	(3,013)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(334,607)</u>	<u>(2,153,516)</u>	<u>-</u>	<u>-</u>	<u>(2,488,123)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	9,348	4,430	-	-	13,778
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(171,560)	(2,459,441)	455	-	(2,630,546)
CASH AND POOLED INVESTMENTS, BEGINNING	<u>821,561</u>	<u>2,618,462</u>	<u>-</u>	<u>-</u>	<u>3,440,023</u>
CASH AND POOLED INVESTMENTS, ENDING	<u>\$ 650,001</u>	<u>159,021</u>	<u>\$ 455</u>	<u>\$ -</u>	<u>\$ 809,477</u>

	Business-type Activities - Enterprise Funds				
	Refuse Collection	Transit	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)	\$ (108,434)	\$ (3,811,279)	\$ (99,897)	\$ (19,916)	\$ (4,039,526)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	282,494	558,170	27,640	-	868,304
Change in assets and liabilities					
(Increase)Decrease in receivables	(5,524)	(9,649)	(30)	-	(15,203)
(Increase) in inventories and prepaid items	-	(9,431)	-	-	(9,431)
Increase (Decrease) in accounts payable	(11,735)	(1,670,550)	72,830	5,026	(1,604,429)
Increase (Decrease) in accrued liabilities	7,250	25,196	-	-	32,446
Increase (Decrease) in net pension liability	116,509	316,152	-	-	432,661
(Increase) Decrease in deferred outflows	1,011	(24,251)	-	-	(23,240)
Increase (Decrease) in deferred inflows	(149,615)	(197,739)	-	-	(347,354)
Increase in net OPEB liability	21,743	14,877	-	-	36,620
Total Adjustments	262,133	(997,225)	100,440	5,026	(629,626)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 153,699	\$ (4,808,504)	\$ 543	\$ (14,890)	\$ (4,669,152)

THIS PAGE IS INTENTIONALLY LEFT BLANK

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, 2016**

	General Service	Garage Service	Stores/ Printing
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ -	\$ 118,155	\$ -
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Prepaid items	-	-	-
Inventories	-	53,131	15,283
Total Current Assets	<u>-</u>	<u>171,286</u>	<u>15,283</u>
NONCURRENT ASSETS			
Capital assets			
Machinery and equipment	-	324,248	-
Accumulated depreciation	-	(122,536)	-
Net Capital Assets	<u>-</u>	<u>201,712</u>	<u>-</u>
Total Noncurrent Assets	<u>-</u>	<u>201,712</u>	<u>-</u>
Total Assets	<u>-</u>	<u>372,998</u>	<u>15,283</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	<u>214,939</u>	<u>78,981</u>	<u>-</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	4,035	19,078
Accrued payroll	26,644	25,045	-
Due to other funds	402,491	-	11,693
Total Current Liabilities	<u>429,135</u>	<u>29,080</u>	<u>30,771</u>
NONCURRENT LIABILITIES			
Net pension liability	<u>1,243,049</u>	<u>456,774</u>	<u>-</u>
Total Noncurrent Liabilities	<u>1,243,049</u>	<u>456,774</u>	<u>-</u>
Total Liabilities	<u>1,672,184</u>	<u>485,854</u>	<u>30,771</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	<u>145,137</u>	<u>53,333</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	201,713	-
Unrestricted	<u>(1,602,382)</u>	<u>(288,921)</u>	<u>(15,488)</u>
Total Net Position (Deficit)	<u>\$ (1,602,382)</u>	<u>\$ (87,208)</u>	<u>\$ (15,488)</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 2,709,870	\$ 1,104,038	\$ 3,932,063
85,949	-	85,949
5,157	2,104	7,261
-	96,636	96,636
-	-	68,414
<u>2,800,976</u>	<u>1,202,778</u>	<u>4,190,323</u>
-	-	324,248
-	-	(122,536)
-	-	201,712
-	-	201,712
<u>2,800,976</u>	<u>1,202,778</u>	<u>4,392,035</u>
-	-	293,920
795,381	1,039,904	1,858,398
-	-	51,689
-	-	414,184
<u>795,381</u>	<u>1,039,904</u>	<u>2,324,271</u>
-	-	1,699,823
-	-	1,699,823
<u>795,381</u>	<u>1,039,904</u>	<u>4,024,094</u>
-	-	198,470
-	-	201,713
<u>2,005,595</u>	<u>162,874</u>	<u>261,678</u>
<u>\$ 2,005,595</u>	<u>\$ 162,874</u>	<u>\$ 463,391</u>

**CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICITS)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	General Service	Garage Service	Stores/ Printing
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
Charges for sales and services	\$ 2,124,187	\$ 1,930,517	\$ 22,163
Other	-	43,145	518
Total Operating Revenues	<u>2,124,187</u>	<u>1,973,662</u>	<u>22,681</u>
OPERATING EXPENSES			
Employee expense	2,433,662	1,020,842	-
Utilities	-	25,881	4,716
Repairs and maintenance	-	66,954	-
Supplies and services	4,440	851,018	35,749
Insurance	11,194	25,147	-
Depreciation	-	38,377	-
Total Operating Expenses	<u>2,449,296</u>	<u>2,028,219</u>	<u>40,465</u>
OPERATING INCOME (LOSS)	(325,109)	(54,557)	(17,784)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	-	-	-
Gain on disposal of assets	-	2,519	-
CHANGE IN NET POSITION	(325,109)	(52,038)	(17,784)
NET POSITION (DEFICIT), BEGINNING	(1,277,273)	(35,170)	2,296
NET POSITION (DEFICIT), ENDING	<u>\$ (1,602,382)</u>	<u>\$ (87,208)</u>	<u>\$ (15,488)</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 11,730,902	\$ 1,069,111	\$ 16,876,880
139,317	7,232	190,212
11,870,219	1,076,343	17,067,092
-	-	3,454,504
-	-	30,597
-	-	66,954
11,419,937	261,736	12,572,880
30,153	90,581	157,075
-	-	38,377
11,450,090	352,317	16,320,387
420,129	724,026	746,705
27,542	13,564	41,106
-	-	2,519
447,671	737,590	790,330
1,557,924	(574,716)	(326,939)
\$ 2,005,595	\$ 162,874	\$ 463,391

**CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016**

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,124,187	\$ 1,930,517	\$ 22,163
Cash payments to suppliers for goods and services	(15,634)	(972,331)	(23,805)
Cash payments to employees for services	(2,494,687)	(998,228)	-
Other operating receipts	-	43,145	518
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(386,134)</u>	<u>3,103</u>	<u>(1,124)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	-	-
Proceeds from interfund balances	386,134	-	1,124
Payment of interfund balances	-	-	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>386,134</u>	<u>-</u>	<u>1,124</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	-	-
Proceeds from sale of capital assets	-	2,519	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>2,519</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	-	5,622	-
CASH AND POOLED INVESTMENTS, BEGINNING	-	112,533	-
CASH AND POOLED INVESTMENTS, ENDING	<u>\$ -</u>	<u>\$ 118,155</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (325,109)	\$ (54,557)	\$ (17,784)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	-	38,377	-
Change in assets and liabilities			
(Increase) Decrease in receivables	-	-	-
(Increase) Decrease in inventories and prepaid items	-	8,711	(2,418)
Increase (Decrease) in accounts payable	-	(12,042)	19,078
Increase (Decrease) in net pension liability	185,850	103,871	-
(Increase) Decrease in deferred outflows	4,125	(5,856)	-
Increase in deferred inflows	(258,048)	(81,254)	-
Increase (Decrease) in accrued liabilities	7,048	5,853	-
Total Adjustments	<u>(61,025)</u>	<u>57,660</u>	<u>16,660</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (386,134)</u>	<u>\$ 3,103</u>	<u>\$ (1,124)</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 11,958,188	\$ 1,069,111	\$ 17,104,166
(11,159,221)	(856,754)	(13,027,745)
-	-	(3,492,915)
<u>139,317</u>	<u>7,232</u>	<u>190,212</u>
<u>938,284</u>	<u>219,589</u>	<u>773,718</u>
-	-	-
-	-	387,258
<u>-</u>	<u>-</u>	<u>-</u>
-	-	387,258
-	-	-
<u>-</u>	<u>-</u>	<u>2,519</u>
-	-	2,519
<u>-</u>	<u>-</u>	<u>2,519</u>
25,210	12,870	38,080
963,494	232,459	1,201,575
<u>1,746,376</u>	<u>871,579</u>	<u>2,730,488</u>
<u>\$ 2,709,870</u>	<u>\$ 1,104,038</u>	<u>\$ 3,932,063</u>
\$ <u>420,129</u>	\$ <u>724,026</u>	\$ <u>746,705</u>
-	-	38,377
227,286	-	227,286
-	(90,148)	(83,855)
290,869	(414,289)	(116,384)
-	-	289,721
-	-	(1,731)
-	-	(339,302)
-	-	12,901
<u>518,155</u>	<u>(504,437)</u>	<u>27,013</u>
<u>\$ 938,284</u>	<u>\$ 219,589</u>	<u>\$ 773,718</u>

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, 2016**

EXHIBIT D-1

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
CABLE EQUIPMENT FUND				
ASSETS				
Cash and pooled cash investments	\$ 640,274	\$ 207,332	\$ 122,828	\$ 724,778
Accounts receivable	51,078	336	-	51,414
Total Assets	<u>\$ 691,352</u>	<u>\$ 207,668</u>	<u>\$ 122,828</u>	<u>\$ 776,192</u>
LIABILITIES				
Accounts payable	\$ -	\$ 135,135	\$ -	\$ 135,135
Due to other agency	691,352	72,533	122,828	641,057
Total Liabilities	<u>\$ 691,352</u>	<u>\$ 207,668</u>	<u>\$ 122,828</u>	<u>\$ 776,192</u>
DOG TRACK DEPRECIATION FUND				
ASSETS				
Cash and pooled cash investments	\$ 667,744	\$ 128,561	\$ 51,662	\$ 744,643
Accrued interest	1,080	1,418	1,080	1,418
Total Assets	<u>\$ 668,824</u>	<u>\$ 129,979</u>	<u>\$ 52,742</u>	<u>\$ 746,061</u>
LIABILITIES				
Due to other agency	<u>\$ 668,824</u>	<u>\$ 129,979</u>	<u>\$ 52,742</u>	<u>\$ 746,061</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and pooled cash investments	\$ 1,308,018	\$ 335,893	\$ 174,490	\$ 1,469,421
Accounts receivable	51,078	336	-	51,414
Accrued interest	1,080	1,418	1,080	1,418
Total Assets	<u>\$ 1,360,176</u>	<u>\$ 337,647</u>	<u>\$ 175,570</u>	<u>\$ 1,522,253</u>
LIABILITIES				
Accounts payable	\$ -	\$ 135,135	\$ -	\$ 135,135
Due to other agency	1,360,176	202,512	175,570	1,387,118
Total Liabilities	<u>\$ 1,360,176</u>	<u>\$ 337,647</u>	<u>\$ 175,570</u>	<u>\$ 1,522,253</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

Statistical Section (Unaudited)
June 30, 2016
City of Dubuque, Iowa

THIS PAGE IS INTENTIONALLY LEFT BLANK

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.	146
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	156
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.	160
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.	171
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.	174

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)**

	2007	2008	2009	2010	Fiscal - 2011
Governmental activities					
Net investment in capital assets	\$ 288,978,975	\$ 296,143,451	\$ 298,855,346	\$ 309,126,684	\$ 329,416,245
Restricted	23,900,328	31,970,724	27,171,123	26,064,318	23,738,199
Unrestricted	21,921,571	18,987,841	(5,280,715)	(11,256,312)	(4,891,381)
Total governmental activities net position	<u>\$ 334,800,874</u>	<u>\$ 347,102,016</u>	<u>\$ 320,745,754</u>	<u>\$ 323,934,690</u>	<u>\$ 348,263,063</u>
Business-type activities					
Net investment in capital assets	\$ 91,483,532	\$ 95,104,575	\$ 120,473,286	\$ 124,805,513	\$ 135,026,753
Restricted	554,318	554,505	770,157	129,642	893,519
Unrestricted	11,214,900	11,312,806	12,321,125	11,679,961	2,603,799
Total business-type activities net position	<u>\$ 103,252,750</u>	<u>\$ 106,971,886</u>	<u>\$ 133,564,568</u>	<u>\$ 136,615,116</u>	<u>\$ 138,524,071</u>
Primary government					
Net investment in capital assets	\$ 380,462,507	\$ 391,248,026	\$ 419,328,632	\$ 433,932,197	\$ 464,442,998
Restricted	24,454,646	32,525,229	27,941,280	26,193,960	24,631,718
Unrestricted	33,136,471	30,300,647	7,040,410	423,649	(2,287,582)
Total primary government net positions	<u>\$ 438,053,624</u>	<u>\$ 454,073,902</u>	<u>\$ 454,310,322</u>	<u>\$ 460,549,806</u>	<u>\$ 486,787,134</u>

TABLE 1

Year					
	2012	2013	2014	2015	2016
\$	347,890,769	\$ 342,046,442	\$ 354,732,451	\$ 348,173,267	\$ 369,244,904
	26,180,100	23,491,207	21,501,638	22,047,405	21,473,309
	<u>(16,876,988)</u>	<u>(8,361,688)</u>	<u>(18,151,279)</u>	<u>(49,579,334)</u>	<u>(47,166,839)</u>
\$	<u>357,193,881</u>	<u>\$ 357,175,961</u>	<u>\$ 358,082,810</u>	<u>\$ 320,641,338</u>	<u>\$ 343,551,374</u>
\$	132,237,734	\$ 138,498,777	\$ 138,842,390	\$ 148,487,126	\$ 161,326,743
	957,802	6,011,848	5,315,519	7,796,668	4,254,907
	<u>10,665,596</u>	<u>(641,384)</u>	<u>(593,202)</u>	<u>(4,568,933)</u>	<u>(7,339,071)</u>
\$	<u>143,861,132</u>	<u>\$ 143,869,241</u>	<u>\$ 143,564,707</u>	<u>\$ 151,714,861</u>	<u>\$ 158,242,579</u>
\$	480,128,503	\$ 480,545,219	\$ 493,574,841	\$ 496,660,393	\$ 530,571,647
	27,137,902	29,503,055	26,817,157	29,844,073	25,728,216
	<u>(6,211,392)</u>	<u>(9,003,072)</u>	<u>(18,744,481)</u>	<u>(54,148,267)</u>	<u>(54,505,910)</u>
\$	<u>501,055,013</u>	<u>\$ 501,045,202</u>	<u>\$ 501,647,517</u>	<u>\$ 472,356,199</u>	<u>\$ 501,793,953</u>

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

	Fiscal -				
	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
Public safety	\$ 20,326,724	\$ 16,966,210	\$ 22,038,265	\$ 22,067,988	\$ 23,759,068
Public works	16,505,560	18,847,068	19,079,688	22,121,629	18,978,423
Health and social services	759,367	800,566	849,237	852,099	1,072,347
Culture and recreation	9,837,299	10,857,409	12,640,716	11,446,084	10,911,733
Community and economic development	11,965,805	11,961,584	12,693,140	15,422,099	12,890,841
General government	4,940,154	5,804,003	6,423,908	7,963,016	9,052,704
Interest on long-term debt	1,400,748	2,577,417	3,164,126	3,101,897	3,294,951
Total governmental activities expenses	<u>65,735,657</u>	<u>67,814,257</u>	<u>76,889,080</u>	<u>82,974,812</u>	<u>79,960,067</u>
Business-type activities:					
Sewage disposal works	5,814,076	6,141,524	6,326,708	6,631,326	7,899,011
Water utility	4,780,063	4,814,692	6,100,491	6,093,827	6,523,993
Stormwater utility	1,198,675	1,706,735	2,138,198	2,213,144	2,811,321
Parking facilities	1,611,447	2,173,110	2,147,405	4,003,776	4,775,834
America's River Project	434,667	126,699	61,927	423,158	180,086
Refuse collection	2,496,018	2,724,050	2,788,665	2,703,887	2,828,891
Transit system	2,760,459	2,703,983	2,625,145	2,832,066	2,947,958
Salt	-	-	-	-	671,647
Total business-type activities expenses	<u>19,095,405</u>	<u>20,390,793</u>	<u>22,188,539</u>	<u>24,901,184</u>	<u>28,638,741</u>
Total primary government expenses	<u>\$ 84,831,062</u>	<u>\$ 88,205,050</u>	<u>\$ 99,077,619</u>	<u>\$ 107,875,996</u>	<u>\$ 108,598,808</u>
Program Revenues					
Governmental activities:					
Charges for services					
Public safety	1,857,324	2,088,723	2,020,625	2,348,064	2,579,573
Public works	4,839,781	4,061,883	4,456,364	4,046,583	5,331,667
Culture and recreation	2,251,562	2,109,571	2,279,688	2,192,886	2,108,177
Other activities	1,074,550	1,382,889	1,557,597	2,412,880	2,530,234
Operating grants and contributions	11,641,904	11,709,123	12,599,967	20,830,113	14,204,627
Capital grants and contributions	23,741,282	8,032,602	4,811,729	10,748,522	23,482,866
Total governmental activities program revenues	<u>45,406,403</u>	<u>29,384,791</u>	<u>27,725,970</u>	<u>42,579,048</u>	<u>50,237,144</u>
Business-type activities:					
Charges for services					
Sewage disposal works	5,259,432	5,484,079	5,904,535	5,893,730	6,643,974
Water utility	4,743,896	4,875,530	5,320,642	5,326,202	5,638,277
Stormwater utility	1,227,243	1,766,334	2,291,249	2,282,625	2,993,539
Parking facilities	1,977,757	2,141,607	2,224,185	2,399,843	2,750,610
America's River Project	3,099	2,140	-	7,000	-
Refuse collection	2,642,251	2,710,583	2,872,649	2,893,017	3,082,197
Transit system	237,088	195,817	196,260	273,433	193,236
Salt	-	-	-	-	773,258
Operating grants and contributions	1,167,344	1,209,636	1,095,946	1,652,277	2,773,933
Capital grants and contributions	1,670,874	2,830,263	3,613,321	3,800,582	6,536,527
Total business-type activities program revenues	<u>18,928,984</u>	<u>21,215,989</u>	<u>23,518,787</u>	<u>24,528,709</u>	<u>31,385,551</u>
Total primary government program revenues	<u>\$ 64,335,387</u>	<u>\$ 50,600,780</u>	<u>\$ 51,244,757</u>	<u>\$ 67,107,757</u>	<u>\$ 81,622,695</u>

TABLE 2

Year	2012	2013	2014	2015	2016
\$	26,326,367	\$ 28,292,481	\$ 27,578,517	\$ 25,525,937	\$ 26,851,624
	22,917,747	21,607,536	21,306,882	19,207,837	24,323,023
	913,954	716,970	1,055,398	928,968	967,936
	12,749,558	13,647,178	13,696,331	13,002,690	12,993,331
	22,030,950	17,388,720	14,591,257	18,064,831	15,464,781
	6,133,983	6,248,483	9,610,084	6,420,173	4,101,423
	3,294,912	4,049,640	3,684,993	3,903,667	2,963,134
	<u>94,367,471</u>	<u>91,951,008</u>	<u>91,523,462</u>	<u>87,054,103</u>	<u>87,665,252</u>
	9,718,669	9,375,748	11,481,103	12,019,866	12,817,669
	7,410,710	6,817,772	8,812,340	7,800,393	6,483,229
	2,750,767	3,347,304	3,431,096	4,131,562	5,021,523
	3,152,055	3,586,405	3,732,492	3,383,419	3,420,296
	22,787	22,770	33,579	24,000	21,521
	3,173,075	3,468,859	3,750,366	3,740,404	3,968,761
	3,629,750	3,492,095	3,847,320	4,245,823	4,274,967
	661,395	346,066	56,468	244,691	181,617
	<u>30,519,208</u>	<u>30,457,019</u>	<u>35,144,764</u>	<u>35,590,158</u>	<u>36,189,583</u>
\$	<u>124,886,679</u>	<u>122,408,027</u>	<u>126,668,226</u>	<u>122,644,261</u>	<u>123,854,835</u>
	2,915,562	2,495,737	2,624,455	2,532,114	2,713,065
	5,178,439	4,472,479	5,829,293	6,092,356	5,765,075
	2,321,553	2,488,844	2,321,265	2,547,843	2,723,270
	2,873,298	3,264,979	3,921,256	3,493,143	3,887,056
	23,013,997	13,995,316	12,784,907	11,992,439	15,301,219
	16,560,811	10,791,945	12,162,649	9,704,043	18,667,619
	<u>52,863,660</u>	<u>37,509,300</u>	<u>39,643,825</u>	<u>36,361,938</u>	<u>49,057,304</u>
	7,827,281	8,924,785	10,025,673	10,582,662	12,158,439
	6,037,073	6,922,582	7,248,790	7,463,430	8,406,928
	3,180,134	3,192,256	3,224,504	3,490,040	3,754,148
	2,908,989	2,883,865	2,920,148	3,036,214	3,247,383
	-	-	-	-	1,605
	3,257,960	3,346,795	3,700,922	3,783,493	3,857,340
	278,835	307,314	275,907	397,545	463,688
	665,942	395,000	45,600	232,271	81,720
	1,579,493	2,264,695	1,717,208	1,866,535	1,648,077
	5,323,486	1,240,583	2,920,942	10,020,715	7,607,721
	<u>31,059,193</u>	<u>29,477,875</u>	<u>32,079,694</u>	<u>40,872,905</u>	<u>41,227,049</u>
\$	<u>83,922,853</u>	<u>66,987,175</u>	<u>71,723,519</u>	<u>77,234,843</u>	<u>90,284,353</u>

(Continued)

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

	Fiscal -				
	2007	2008	2009	2010	2011
Net (Expense)/Revenue					
Governmental activities	\$ (20,329,254)	\$ (38,429,466)	\$ (49,163,110)	\$ (40,395,764)	\$ (29,722,923)
Business-type activities	(166,421)	825,196	1,330,248	(372,475)	2,746,810
Total primary government net expense	<u>\$ (20,495,675)</u>	<u>\$ (37,604,270)</u>	<u>\$ (47,832,862)</u>	<u>\$ (40,768,239)</u>	<u>\$ (26,976,113)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
General Revenues					
Property taxes	21,656,908	22,744,563	23,716,819	24,876,073	28,249,114
Local option sales tax	7,817,403	8,020,889	7,649,853	8,112,471	7,929,761
Hotel/motel tax	1,569,743	1,622,455	1,611,954	1,678,806	1,826,809
Utility franchise fees	1,492,920	1,516,123	1,486,292	1,591,712	2,488,858
Gaming	15,556,551	15,346,468	9,627,391	8,209,761	13,327,223
Unrestricted investment earnings	1,870,403	2,741,499	2,215,413	1,339,709	668,363
Gain on sale of capital assets	-	92,525	407,503	-	149,937
Other	586,931	898,241	918,605	880,930	622,494
Transfers	(7,633)	(2,252,155)	(24,826,982)	(3,104,762)	(1,211,263)
Total governmental activities	<u>50,543,226</u>	<u>50,730,608</u>	<u>22,806,848</u>	<u>43,584,700</u>	<u>54,051,296</u>
Business-type activities:					
General Revenues					
Unrestricted investment earnings	796,636	630,049	433,148	294,562	184,581
Gain on sale of capital assets	-	11,736	2,304	23,699	19,337
Extraordinary item	-	-	-	-	(2,253,036)
Transfers	7,633	2,252,155	24,826,982	3,104,762	1,211,263
Total business-type activities	<u>804,269</u>	<u>2,893,940</u>	<u>25,262,434</u>	<u>3,423,023</u>	<u>(837,855)</u>
Total primary government	<u>\$ 51,347,495</u>	<u>\$ 53,624,548</u>	<u>\$ 48,069,282</u>	<u>\$ 47,007,723</u>	<u>\$ 53,213,441</u>
Change in Net Position					
Governmental activities	\$ 30,213,972	\$ 12,301,142	\$ (26,356,262)	\$ 3,188,936	\$ 24,328,373
Business-type activities	637,848	3,719,136	26,592,682	3,050,548	1,908,955
Total primary government	<u>\$ 30,851,820</u>	<u>\$ 16,020,278</u>	<u>\$ 236,420</u>	<u>\$ 6,239,484</u>	<u>\$ 26,237,328</u>

**TABLE 2
(continued)**

Year	2012	2013	2014	2015	2016
\$	(41,503,811)	\$ (54,441,708)	\$ (51,879,637)	\$ (50,692,165)	\$ (38,607,948)
	539,985	(979,144)	(3,065,070)	5,282,747	5,037,466
\$	(40,963,826)	\$ (55,420,852)	\$ (54,944,707)	\$ (45,409,418)	\$ (33,570,482)
	30,816,614	32,668,554	33,264,283	36,277,719	36,518,506
	8,459,888	8,764,787	8,211,366	8,760,246	9,155,411
	1,903,944	1,953,763	2,006,514	2,623,551	2,128,042
	2,272,481	2,568,347	2,609,421	2,828,688	4,360,107
	8,785,453	8,452,298	7,878,008	7,397,709	8,440,161
	1,529,149	201,153	777,958	668,134	1,082,165
	1,417,048	907,122	483,782	19,495	813,492
	-	-	-	-	-
	(4,749,948)	(1,092,236)	(2,444,846)	(7,288,593)	(979,900)
	50,434,629	54,423,788	52,786,486	51,286,949	61,517,984
	206,672	65,351	135,461	185,356	407,528
	84,178	384,697	180,229	6,571	102,824
	(243,722)	(555,031)	-	-	-
	4,749,948	1,092,236	2,444,846	7,288,593	979,900
	4,797,076	987,253	2,760,536	7,480,520	1,490,252
\$	55,231,705	\$ 55,411,041	\$ 55,547,022	\$ 58,767,469	\$ 63,008,236
\$	8,930,818	\$ (17,920)	\$ 906,849	\$ 594,784	\$ 22,910,036
	5,337,061	8,109	(304,534)	12,763,267	6,527,718
\$	14,267,879	\$ (9,811)	\$ 602,315	\$ 13,358,051	\$ 29,437,754

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

	2007	2008	2009	2010	Fiscal - 2011*
General Fund					
Reserved	\$ 4,455,303	\$ 1,699,825	\$ 4,864,701	\$ 5,199,760	\$ -
Unreserved	17,827,631	17,982,016	14,206,181	8,622,705	-
Nonspendable	-	-	-	-	868,631
Assigned	-	-	-	-	8,904,490
Unassigned	-	-	-	-	6,139,306
Total general fund	<u>\$ 22,282,934</u>	<u>\$ 19,681,841</u>	<u>\$ 19,070,882</u>	<u>\$ 13,822,465</u>	<u>\$ 15,912,427</u>
All Other Governmental Funds					
Reserved	\$ 13,942,519	\$ 31,887,038	\$ 19,634,305	\$ 24,404,656	\$ -
Unreserved, reported in:					
Special revenue funds	7,586,898	7,431,931	5,981,390	4,011,022	-
Debt service fund	-	-	-	-	-
Capital projects funds	4,195,354	7,875,448	5,659,214	(989,025)	-
Permanent funds	115,825	33,958	35,550	33,273	-
Nonspendable	-	-	-	-	10,320,305
Restricted	-	-	-	-	18,010,570
Committed	-	-	-	-	5,203,472
Unassigned	-	-	-	-	(377,363)
Total all other governmental funds	<u>\$ 25,840,596</u>	<u>\$ 47,228,375</u>	<u>\$ 31,310,459</u>	<u>\$ 27,459,926</u>	<u>\$ 33,156,984</u>

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

TABLE 3

Year	2012	2013	2014	2015	2016
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	5,613,359	6,646,278	6,549,063	6,082,043	6,049,052
	5,549,803	3,434,440	1,904,805	647,772	1,015,938
	9,371,016	8,806,171	7,356,066	8,693,524	10,908,497
\$	<u>20,534,178</u>	<u>\$ 18,886,889</u>	<u>\$ 15,809,934</u>	<u>\$ 15,423,339</u>	<u>\$ 17,973,487</u>
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	10,975,468	9,092,520	8,640,780	1,183,423	553,292
	31,362,126	30,738,046	23,620,615	30,496,183	27,450,187
	5,843,671	10,827,172	10,548,592	12,298,896	7,635,502
	(429,344)	-	-	-	-
\$	<u>47,751,921</u>	<u>\$ 50,657,738</u>	<u>\$ 42,809,987</u>	<u>\$ 43,978,502</u>	<u>\$ 35,638,981</u>

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

	2007	2008	2009	2010	Fiscal - 2011
Revenues					
Taxes	\$ 32,526,525	\$ 33,898,692	\$ 34,454,146	\$ 36,252,156	\$ 40,428,894
Special assessments	586,459	177,585	250,372	318,178	232,535
Licenses and permits	1,052,896	1,153,429	1,088,386	1,115,472	1,170,922
Intergovernmental	16,744,703	14,256,523	15,796,822	27,310,624	26,171,082
Charges for services	7,351,191	7,833,151	8,029,189	8,063,284	8,723,086
Fines and forfeits	158,360	188,603	199,839	224,601	454,117
Investment earnings	1,913,420	2,731,953	2,206,382	1,348,615	654,587
Contributions	1,168,463	6,134,002	1,369,759	2,333,995	1,297,621
Gaming	15,556,551	15,346,468	9,627,391	8,209,761	13,327,223
Miscellaneous	1,149,546	1,269,376	1,600,679	2,111,834	2,075,262
Total revenues	78,208,114	82,989,782	74,622,965	87,288,520	94,535,329
Expenditures					
Current					
Public safety	20,743,196	21,542,661	21,335,192	21,979,729	23,950,386
Public works	12,506,378	16,331,107	14,261,551	19,251,625	14,429,415
Health and social services	783,209	797,644	815,873	813,609	1,040,114
Culture and recreation	10,244,244	10,277,787	12,227,506	14,909,517	11,279,951
Community and economic development	11,695,902	11,847,512	11,953,279	14,654,816	12,361,176
General government	4,441,043	6,310,939	5,836,839	6,368,308	7,686,929
Debt service					
Principal	1,663,339	1,762,375	2,169,678	2,651,765	2,820,371
Interest	1,412,012	2,406,431	3,095,166	3,145,735	3,321,157
Capital projects	8,227,257	15,351,848	24,274,120	14,831,118	15,102,893
Total expenditures	71,716,580	86,628,304	95,969,204	98,606,222	91,992,392
Excess (deficiency) of revenues over (under) expenditures	6,491,534	(3,638,522)	(21,346,239)	(11,317,702)	2,542,937
Other Financing Sources (Uses)					
Issuance of bonds	743,591	23,083,696	5,905,000	4,722,176	6,996,722
Discount on bonds	-	(266,158)	(48,516)	(31,990)	(39,547)
Premiums on bonds	-	-	-	554,796	1,642
Issuance of refunding bonds	-	2,965,000	-	8,885,000	705,000
Payment to refunded bonds escrow agent	-	(2,875,000)	-	(9,405,000)	(690,000)
Transfers in	10,394,726	14,801,589	7,451,152	7,993,297	15,850,523
Transfers out	(11,789,548)	(18,185,109)	(9,084,228)	(10,562,137)	(18,961,892)
Insurance recovery	-	-	-	-	628,482
Sale of capital assets	2,811,483	2,901,190	593,956	62,610	753,153
Total other financing sources (uses)	2,160,252	22,425,208	4,817,364	2,218,752	5,244,083
Net change in fund balances	\$ 8,651,786	\$ 18,786,686	\$ (16,528,875)	\$ (9,098,950)	\$ 7,787,020
Debt service as a percentage of noncapital expenditures	5.01 %	6.55 %	7.68 %	7.74 %	8.49 %

TABLE 4

Year					
	2012	2013	2014	2015	2016
\$	43,443,669	\$ 45,440,973	\$ 46,034,361	\$ 50,490,204	\$ 51,580,084
	596,138	175,486	154,692	85,501	111,193
	1,570,022	1,271,771	1,136,941	1,198,420	1,480,643
	37,574,783	26,580,831	23,050,052	20,828,524	29,302,824
	9,296,329	8,952,179	10,264,257	10,711,243	10,919,854
	525,389	484,128	455,219	362,661	421,925
	1,511,437	180,016	756,809	668,134	1,082,165
	1,578,376	370,154	678,561	789,268	1,440,405
	8,785,453	8,452,298	7,878,008	7,397,709	8,440,161
	1,319,558	1,315,915	1,705,275	1,466,542	1,367,875
	<u>106,201,154</u>	<u>93,223,751</u>	<u>92,114,175</u>	<u>93,998,206</u>	<u>106,147,129</u>
	24,476,772	26,506,714	27,644,190	27,570,773	28,036,551
	12,385,929	13,416,108	13,942,772	11,200,427	14,597,823
	828,837	680,466	1,049,194	939,172	1,015,987
	10,873,474	11,218,019	12,351,497	12,300,454	11,909,029
	22,237,140	18,678,496	14,420,980	16,418,909	13,473,413
	6,335,947	5,035,108	5,898,293	5,977,605	6,436,114
	3,224,680	3,182,240	4,595,808	4,910,735	10,302,412
	3,220,546	3,991,115	3,650,694	3,577,829	3,707,268
	23,459,891	16,636,698	18,779,651	14,829,037	31,504,581
	<u>107,043,216</u>	<u>99,344,964</u>	<u>102,333,079</u>	<u>97,724,941</u>	<u>120,983,178</u>
	<u>(842,062)</u>	<u>(6,121,213)</u>	<u>(10,218,904)</u>	<u>(3,726,735)</u>	<u>(14,836,049)</u>
	27,215,363	6,577,268	-	11,137,321	3,933,882
	(71,689)	-	-	72,852	292,521
	123,990	-	-	-	-
	-	4,949,148	-	-	4,650,000
	-	(4,949,148)	-	-	-
	8,773,387	15,295,630	15,862,516	18,073,553	17,397,007
	(18,336,603)	(16,981,203)	(17,294,762)	(25,241,795)	(18,376,907)
	132,425	49,209	59,796	106,288	86,359
	2,221,877	2,438,837	666,648	360,436	1,063,814
	<u>20,058,750</u>	<u>7,379,741</u>	<u>(705,802)</u>	<u>4,508,655</u>	<u>9,046,676</u>
\$	<u>19,216,688</u>	<u>\$ 1,258,528</u>	<u>\$ (10,924,706)</u>	<u>\$ 781,920</u>	<u>\$ (5,789,373)</u>
	7.65 %	8.57 %	9.51 %	9.97 %	15.17 %

**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	%	%
2005	2007	\$ 1,780,354	\$ 2,804,568	\$ 9,122	\$ 1,771,232	\$ 2,804,568	63.16	9.98030
2006	2008	1,823,304	2,870,178	8,939	1,814,365	2,870,178	63.21	10.31685
2007	2009	1,949,071	3,171,681	9,298	1,939,773	3,171,681	61.16	9.96904
2008	2010	2,033,135	3,239,112	9,246	2,023,889	3,239,112	62.48	9.85777
2009	2011	2,159,622	3,349,823	8,885	2,150,737	3,349,823	64.20	10.02742
2010	2012	2,243,474	3,406,186	8,875	2,234,599	3,406,186	65.60	10.45111
2011	2013	2,337,129	3,476,638	8,872	2,328,257	3,476,638	66.97	10.78478
2012	2014	2,398,151	3,503,774	8,799	2,389,352	3,503,774	68.19	11.02586
2013	2015	2,522,048	3,686,202	8,729	2,513,319	3,686,202	68.18	11.02588
2014	2016	2,508,933	3,723,003	8,631	2,500,302	3,723,003	67.16	11.02590

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

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

TABLE 6

Levy Year	Fiscal Year	Dubuque City	Dubuque School District	Board of Education and Independents	Area 1 Voc. Tech	Dubuque County	Total	Ratio of Dubuque City to Total
2005	2007	\$ 9.98033	\$ 15.92538	\$ 0.60802	\$ 0.61127	\$ 6.17924	\$ 33.30424	29.97 %
2006	2008	10.31690	16.40925	0.63160	0.61270	6.42691	34.39736	29.99
2007	2009	9.96904	16.89000	0.95250	0.55713	6.41459	34.78326	28.66
2008	2010	9.85777	16.87918	0.57970	0.99471	6.40435	34.71571	28.40
2009	2011	10.02742	16.88349	0.55740	1.03532	6.50193	35.00556	28.65
2010	2012	10.45111	16.87685	0.67766	1.07379	6.49167	35.57108	29.38
2011	2013	10.78477	15.40388	0.71653	0.98407	6.43124	34.32049	31.42
2012	2014	11.02586	14.60281	0.75274	0.90455	6.43124	33.71720	32.70
2013	2015	11.02588	13.99630	0.66355	0.90807	6.43124	33.02504	33.39
2014	2016	11.02590	14.05629	0.63899	0.91036	6.38779	33.01933	33.39

Separate components of the Dubuque City Rate is as follows:

Levy Year	Fiscal Year	General	Public Transit	Insurance	Employee Benefits	Debt Service	Total
2005	2007	\$ 8.10000	\$ 0.53643	\$ 0.21308	\$ 1.13082	\$ -	\$ 9.98033
2006	2008	8.10000	0.60729	0.21760	1.39201	-	10.31690
2007	2009	8.10000	0.66727	0.08685	1.11492	-	9.96904
2008	2010	8.10000	0.60000	0.21492	0.90583	0.03702	9.85777
2009	2011	8.10000	0.54469	0.20531	1.12441	0.05300	10.02741
2010	2012	8.10000	0.35273	0.19508	1.75052	0.05278	10.45111
2011	2013	8.10000	0.49516	0.13965	2.02267	0.02729	10.78477
2012	2014	8.10000	0.38382	0.16288	2.33093	0.04823	11.02586
2013	2015	8.10000	0.48268	0.16595	2.23209	0.04516	11.02588
2014	2016	8.10000	0.48461	0.16428	2.16440	0.11261	11.02590

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	2016			2007		
	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 LLC	\$ 56,945	1	2.27 %			
Kennedy Mall Inc.	35,410	2	1.41	\$ 26,338	1	1.48 %
Walter Development LLC	26,516	3	1.06			
Progressive Processing LLC (Hormel)	25,065	4	1.00			
Medical Associates Realty LLC	20,945	5	0.83	19,271	2	1.08
Nordstrom, Inc.	15,559	6	0.62	16,884	4	0.95
The McGraw Hill Companies Inc.	14,487	7	0.58			
Platinum Holdings LLC	14,062	8	0.56	11,178	5	0.63
Queck Capital Management LLC	13,028	9	0.52			
Flexsteel Industries Inc.	12,534	10	0.50			
Lexington Dubuque LLC				9,844	7	0.55
Otto A LLC				17,500	3	0.98
Plaza 20 Inc.				9,693	9	0.54
Minglewood Limited Partnership				9,948	6	0.56
Angelus of Dubuque LLC				9,810	8	0.55
American Trust & Savings Bank				9,523	10	0.53
	<u>\$ 234,551</u>		<u>9.35 %</u>	<u>\$ 139,989</u>		<u>7.85 %</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

<u>Fiscal Year</u>	<u>Levy Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (2)</u>	<u>Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
2007	2006	17,216	17,193	99.9 %	4	17,197	99.9 %	174	1.01
2008	2007	18,211	18,160	99.7	3	18,163	99.7	215	1.18
2009	2008	18,992	18,690	98.4	5	18,695	98.4	262	1.38
2010	2009	19,124	19,117	99.9	(10)	19,107	99.9	202	1.06
2011	2010	19,906	19,793	99.4	13	19,806	99.5	276	1.39
2012	2011	21,340	21,339	100.0	1	21,340	99.9	185	0.87
2013	2012	22,789	22,752	99.8	7	22,759	99.9	182	0.80
2014	2013	23,993	23,915	99.7	8	23,923	99.7	211	0.88
2015	2014	24,866	24,715	99.4	7	24,722	99.4	362	1.46
2016	2015	24,944	24,889	100	84	24,973	100	288	1.15

(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				Business -
	General Obligation Bonds	Tax Increment Financing Bonds	Tax Increment Financing Notes	Other Loans Payable	General Obligation Bonds
2007	\$ 22,870,646	\$ 2,594,831	\$ 1,279,885	\$ -	\$ 10,895,593
2008	21,752,907	24,879,116	1,279,885	-	11,384,371
2009	25,941,693	24,363,262	1,169,684	150,000	14,448,770
2010	27,887,864	24,449,674	1,049,696	282,857	23,957,802
2011	32,561,048	23,037,222	1,931,348	282,857	25,254,652
2012	53,087,811	22,258,283	1,767,664	4,735,714	35,108,003
2013	56,517,165	21,920,537	1,235,903	5,638,871	34,921,131
2014	52,568,648	21,556,435	1,030,036	5,541,428	32,738,862
2015	59,614,941	21,165,946	811,608	5,444,285	45,868,394
2016	58,869,812	20,764,818	625,429	5,347,142	46,806,473

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 18.

* Personal Income unavailable at report date

TABLE 9

Type Activities						
Capital Loan Notes	Revenue Bonds	Other Loans Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	
\$ -	\$ 720,000	\$ -	\$ 38,360,955	2 %	\$ 665	
611,977	490,000	-	60,398,256	3	2,174	
3,914,076	1,434,713	390,890	71,813,088	3	1,245	
8,289,621	1,115,430	371,978	87,404,922	4	1,515	
33,195,408	6,777,793	2,252,109	125,292,437	5	2,174	
61,957,749	6,521,188	331,235	185,767,647	7	3,223	
75,415,431	6,260,299	309,304	202,218,641	8	3,508	
82,924,949	14,151,437	286,263	210,798,058	8	3,657	
85,477,970	34,543,432	262,055	253,188,631	10	4,393	
104,156,549	34,196,999	236,623	271,003,845	*	4,638	

**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>
2007	\$ 33,766	\$ 1,771,232	1.91 %	\$ 2,804,658	1.20 %	585
2008	33,137	1,814,365	1.83 %	2,870,178	1.15 %	574
2009	40,390	1,939,773	2.08 %	3,171,681	1.27 %	700
2010	51,846	2,023,899	2.56 %	3,239,112	1.60 %	899
2011	57,816	2,159,622	2.68 %	3,349,823	1.73 %	1,003
2012	88,196	2,243,474	3.93 %	3,406,186	2.59 %	1,530
2013	91,438	2,337,129	3.91 %	3,476,638	2.63 %	1,586
2014	85,308	2,398,151	3.56 %	3,503,774	2.43 %	1,480
2015	105,483	2,522,048	4.18 %	3,686,202	2.86 %	1,830
2016	105,676	2,508,933	4.21 %	3,723,003	2.84 %	1,808

**CITY OF DUBUQUE, IOWA
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2016**

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>Sales Tax Revenue Bonds</u>	<u>Loans Payable</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to Government</u>
Direct, City of Dubuque, Iowa	\$ 58,076,184	\$ 20,960,000	\$ 625,429	\$ -	\$ 5,347,142	100.00 %	\$ 85,008,755
Overlapping:							
Dubuque County	4,315,000	-	-	-	394,271	0.06 %	2,826
Dubuque Community School District	-	-	-	47,863,000	-	99.88 %	47,805,564
Northeast Iowa Community College	-	-	-	-	47,270,000	0.06 %	28,362
Total Overlapping	4,315,000	-	-	47,863,000	47,664,271		47,836,752
Total	\$ 62,391,184	\$ 20,960,000	\$ 625,429	\$ 47,863,000	\$ 53,011,413		\$ 132,845,507

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debit limit	\$ 145,401	\$ 148,824	\$ 163,621	\$ 167,247
Total net debt applicable to limit	<u>38,060</u>	<u>60,485</u>	<u>76,182</u>	<u>101,152</u>
Legal debit margin	<u>\$ 107,341</u>	<u>\$ 88,339</u>	<u>\$ 87,439</u>	<u>\$ 66,095</u>
Total net debt applicable to the debt limit as a percentage of debt limit	26.18 %	40.64 %	46.56 %	60.48 %

TABLE 12

2011	2012	2013	2014	2015	2016
\$ 174,333	\$ 177,668	\$ 181,668	\$ 183,621	\$ 193,114	\$ 196,031
92,443	142,316	143,303	149,923	173,597	165,838
<u>\$ 81,890</u>	<u>\$ 35,352</u>	<u>\$ 38,365</u>	<u>\$ 33,698</u>	<u>\$ 19,517</u>	<u>\$ 30,193</u>
53.03 %	80.10 %	78.88 %	81.65 %	89.89 %	84.60 %

Legal Debt Margin Calculation for Fiscal Year 2016

Estimated actual value	<u>\$ 3,920,621,472</u>
Debt limit - 5% of total actual valuation	\$ 196,031,074
Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund)	<u>\$ 165,838,102</u>
Legal debt margin	<u>\$ 30,192,972</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	\$ 57	96	10.15
2009	5,391	5,196	195	70	52	122	1.60
2010	5,353	5,153	200	70	182	252	0.79
2011	5,680	5,316	364	255	238	493	0.74
2012	6,087	5,895	192	260	231	491	0.39
2013	6,944	5,391	1,553	432	344	776	2.00
2014	7,283	7,384	(101)	275	218	493	(0.20)
2015	7,511	6,322	1,189	285	211	496	2.40
2016	8,508	4,826	3,682	473	305	778	4.73
STORMWATER UTILITY							
2009	2,402	1,309	1,093	75	58	133	8.22
2010	2,357	1,320	1,037	100	178	278	3.73
2011	3,023	1,679	1,344	231	243	474	2.84
2012	3,211	1,497	1,714	462	268	730	2.35
2013	3,194	2,019	1,715	320	309	629	1.87
2014	3,240	1,833	1,407	331	311	642	2.19
2015	3,551	2,162	1,389	341	356	697	1.99
2016	3,948	2,140	1,808	352	346	698	2.59
SEWAGE DISPOSAL WORKS							
2009	6,084	5,093	991	-	7	7	141.57
2010	5,995	5,331	664	33	382	415	1.60
2011	6,699	6,029	670	34	1,129	1,163	0.58
2012	7,878	7,018	860	1,719	1,443	3,162	0.27
2013	8,951	6,113	2,838	2,326	1,423	3,749	0.76
2014	10,083	6,754	3,329	2,603	1,358	3,961	0.84
2015	10,629	6,950	3,679	2,610	1,435	4,045	0.91
2016	12,237	7,702	4,535	2,652	1,454	4,106	1.10
PARKING BONDS							
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 requirement.

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

TABLE 14

<u>Fiscal Year</u>	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Gallons Billed</u>
2007	\$ 4,599,040	\$ 5,142,044	1,929,908,816
2008	4,747,206	5,348,001	1,971,517,064
2009	5,085,319	5,684,459	1,836,957,848
2010	5,209,591	5,710,768	1,822,051,488
2011	5,561,910	6,502,740	1,903,364,420
2012	6,298,768	8,682,927	1,914,175,940
2013	6,701,771	8,472,382	1,945,227,547
2014	7,028,091	9,756,996	1,845,151,329
2015	7,231,393	10,417,833	1,864,028,948
2016	8,159,240	11,772,847	1,883,797,577

Source: Cash basis receipt ledgers.

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

WATER RATE SCHEDULE HISTORY

<u>Steps</u>	<u>Gallons</u>		<u>Unit Price by Fiscal Year</u>						
			<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
First	22,440	@	\$ 0.00447	\$ 0.00406	\$ 0.00387	\$ 0.00355	\$ 0.00309	\$ 0.00294	\$ 0.00283
Next	89,760	@	0.00365	0.00332	0.00316	0.00290	0.00252	0.00240	0.00231
Next	261,800	@	0.00340	0.00309	0.00294	0.00270	0.00235	0.00224	0.00215
Next	374,000	@	0.00301	0.00274	0.00261	0.00239	0.00208	0.00198	0.00190
Excess		@	0.00264	0.00240	0.00229	0.00210	0.00183	0.00174	0.00167

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

TABLE 15

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Government</u>	<u>Total</u>
2007	19,914	1,839	74	38	21,865
2008	19,970	1,878	70	45	21,963
2009	20,058	1,895	72	48	22,073
2010	20,204	1,887	71	48	22,210
2011	20,338	1,904	79	51	22,372
2012	20,532	1,902	79	52	22,565
2013	20,753	1,921	80	53	22,807
2014	20,887	1,945	81	68	22,981
2015	20,969	1,968	83	76	23,096
2016	21,157	1,972	84	104	23,317

**CITY OF DUBUQUE, IOWA
LARGEST WATER AND SEWER CUSTOMERS
FISCAL YEAR 2016**

TABLE 16

<u>Customer</u>	<u>Water Receipts</u>	<u>Rank</u>	<u>Percentage of Total Water Receipts</u>	<u>Sewer Receipts</u>	<u>Rank</u>	<u>Percentage of Total Sewer Receipts</u>
Rousselot Inc	\$ 379,947	1	4.66 %			
Hormel Foods Corporation*	169,253	2	2.07	\$ 381,881	1	3.24 %
Prairie Farms Dairy Inc	103,755	3	1.27			
Hormel Foods Corporation*	90,955	4	1.11	199,184	2	1.69
Premier Linen & Dry Cleaning	58,799	5	0.72	124,152	3	1.05
Finley Hospital	54,825	6	0.67	96,632	4	0.82
Krieg Boys	45,349	7	0.56			
Peninsula Gaming Co LLC	44,709	8	0.55	59,747	7	0.51
Mercy Medical Center*	39,652	9	0.49			
Stonehill Nursing Home	34,701	10	0.43	59,367	8	0.50
Grand Harbor Resort & Waterpark				62,108	5	0.53
Alpine Park Community				59,023	9	0.50
Tablemound Investments				60,111	6	0.51
Mercy Medical Center*				56,242	10	0.48
Total Receipts	<u>\$ 8,159,240</u>			<u>\$ 11,772,847</u>		

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

**CITY OF DUBUQUE, IOWA
SALES TAX INCREMENT BONDS
FISCAL YEAR ENDING JUNE 30, 2016**

TABLE 17

Fiscal Year	Estimated Sales Tax Increment Revenue Receipts*	Senior Lien Series 2015A Net Debt Service (1)	Remaining Revenues After Senior Lien Debt Service	Second Lien Series 2014 Net Debt Service (2)	Remaining Revenues After Second Lien Debt Service
2015	\$ 2,037,489	\$ -	\$ 2,037,489	\$ -	\$ 2,037,489
2016	2,532,846	-	2,532,846	-	2,532,846
2017	4,115,150	-	4,115,150	(323,100)	3,792,050
2018	4,744,708	(762,650)	3,982,058	(323,100)	3,658,958
2019	4,782,875	(762,650)	4,020,225	(323,100)	3,697,125
2020	4,783,907	(762,650)	4,021,257	(323,100)	3,698,157
2021	5,574,673	(762,650)	4,812,023	(323,100)	4,488,923
2022	6,380,938	(762,650)	5,618,288	(323,100)	5,295,188
2023	6,866,198	(2,767,650)	4,098,548	(438,100)	3,660,448
2024	6,956,351	(2,771,000)	4,185,351	(1,393,500)	2,791,851
2025	6,957,401	(2,768,969)	4,188,432	(1,400,500)	2,787,932
2026	6,952,046	(2,771,031)	4,181,015	(1,344,250)	2,836,765
2027	6,952,532	(2,768,719)	4,183,813	(1,363,000)	2,820,813
2028	6,947,494	(2,768,394)	4,179,100	(1,365,000)	2,814,100
2029	6,723,750	(2,767,300)	3,956,450	(1,365,000)	2,591,450
2030	6,250,000	(2,768,800)	3,481,200	-	3,481,200
2031	4,467,912	(686,400)	3,781,512	-	3,781,512
2032	2,217,912	-	2,217,912	-	2,217,912
2033	2,250,000	-	2,250,000	-	2,250,000

* Fiscal Years 2015 and 2016 reflect actual receipts.

(1) Net of capitalized interest and the debt service reserve fund.

(2) Net of capitalized interest.

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

TABLE 18

Year	Population	Personal Income	Per Capita Personal Income (1)	Median Age (2)	Public School Enrollment (3)	Unemployment Rate (4)
2007	57,686	\$ 2,115,980,166	\$ 36,681	37	10,727	3.7 %
2008	57,686	2,237,466,882	38,787	38	10,614	3.8
2009	57,686	2,155,437,390	37,365	37	10,697	6.2
2010	57,686	2,188,952,956	37,946	37	10,517	6.4
2011	57,637	2,354,759,635	40,855	37	10,467	5.8
2012	57,637	2,453,952,912	42,576	37	10,469	5.2
2013	57,637	2,489,053,845	43,185	39	10,513	4.6
2014	57,637	2,560,293,177	44,421	39	10,578	4.4
2015	57,637	2,645,653,574	45,902	38	10,634	3.7
2016	58,436	*	*	38	10,588	3.9

Data Sources:

- (1) U.S. Department of Commerce, Bureau of Economic Analysis. Numbers were revised from FY15 based on revised data published September 2016.
- (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 19

Employer	2016			2007		
	# of Employees	Rank	Percentage of Total City Employment(1)	# of Employees	Rank	Percentage of Total City Employment(1)
John Deere (2)	2,400	1	4.26 %	1,900	1	3.48 %
Dubuque Community Schools	1,946	2	3.45	1,730	2	3.17
Mercy Medical Center	1,313	3	2.33	1,324	3	2.43
Medical Associates	1,027	4	1.82	935	6	1.71
Unity Point Health-Finley Hospital	859	5	1.52	920	5	1.69
Andersen Windows	750	6	1.33	950	4	1.74
City of Dubuque	695	7	1.23	627	7	1.15
Sedgwick	550	8	0.98			
Dubuque Bank & Trust and Heartland Financial USA,	538	9	0.95			
IBM	538	9	0.95			
Prudential Retirement				590	10	1.08
Woodward Communications, Inc				600	8	1.10
Holy Family Catholic Schools				600	8	1.10
	<u>10,616</u>		18.82 %	<u>10,176</u>		18.65 %

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

	2007	2008	2009	Full- Time 2010
Public Safety				
Emergency Communications	11.00	11.00	13.00	13.00
Fire	90.00	90.00	90.00	90.00
Police	100.00	101.00	108.67	110.84
Building Services	7.00	7.00	8.00	8.00
Public Works				
Public Works	87.00	87.00	88.00	87.42
Engineering	25.00	25.00	26.00	26.00
Health & Social Services				
Health Services	5.00	4.00	4.00	4.00
Human Rights	3.00	3.00	3.00	3.00
Cultural and Recreation				
Civic Center	0.15	0.15	0.15	0.15
Library	18.00	18.00	18.00	18.00
Park	21.92	21.92	21.92	22.51
Recreation	7.93	7.93	7.93	8.43
Community & Economic Development				
Community / Economic Dev	3.00	3.00	3.00	3.00
Housing Services	20.25	18.00	22.00	22.00
Planning Services	8.00	8.00	8.00	8.00
General Government				
Airport	13.23	12.00	12.00	12.00
Cable TV	2.00	2.00	2.00	2.00
City Clerk's Office	3.00	3.00	3.00	3.00
City Manager's Office	11.00	11.00	13.50	15.00
Finance	14.00	14.00	14.00	14.00
Legal	3.00	3.00	4.00	4.66
Information Services	6.00	7.00	7.00	7.00
Business Type				
Water	23.00	23.00	23.00	24.00
Water & Resource Recovery Center	18.00	18.00	18.00	18.00
Parking	8.00	7.00	7.50	9.00
Transit	8.00	7.00	7.00	6.00
Total	<u>516.48</u>	<u>512.00</u>	<u>532.67</u>	<u>539.01</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.

TABLE 20

Equivalent as of June 30					
2011	2012	2013	2014	2015	2016
13.00	13.00	13.00	13.00	13.00	13.00
90.00	90.00	90.00	90.00	90.00	90.00
113.34	114.25	115.00	115.08	115.88	116.00
9.00	9.00	9.00	9.24	11.66	12.00
87.42	87.42	86.17	86.42	86.42	86.42
27.00	27.00	29.00	29.00	29.00	29.00
4.00	4.00	4.00	4.00	4.00	4.00
3.00	4.00	5.00	5.00	5.00	5.00
0.15	0.15	0.15	0.15	0.15	0.15
18.00	18.00	19.00	19.00	19.00	19.00
22.50	23.50	23.50	23.50	23.50	23.50
8.93	9.93	9.93	9.93	10.93	11.93
3.00	3.00	3.00	4.00	4.00	2.00
22.25	23.00	25.80	27.00	26.00	21.00
8.00	8.00	8.00	8.00	8.00	8.00
12.00	12.00	12.00	12.00	12.00	12.00
2.00	2.00	2.00	2.00	2.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00
15.00	14.00	15.00	15.00	16.00	16.00
14.00	14.00	14.00	14.08	14.88	15.00
5.00	5.00	5.00	5.00	5.00	5.00
7.00	7.00	7.50	8.00	8.00	8.00
25.00	25.00	25.00	26.00	26.00	25.00
18.00	18.00	18.00	18.00	18.00	17.00
9.00	9.00	9.00	9.00	9.00	9.00
7.00	6.00	6.00	6.32	8.00	13.00
<u>546.59</u>	<u>549.25</u>	<u>557.05</u>	<u>561.72</u>	<u>568.42</u>	<u>566.00</u>

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

	2007	2008	2009	Fiscal - 2010
Public Safety				
Police				
Physical arrests	5,078	5,090	6,325	6,365
Traffic violations	6,842	6,881	8,801	8,901
Parking violations	42,530	40,741	36,457	37,056
Fire				
Number of calls answered	4,454	4,699	4,480	4,557
Inspections conducted	360	624	443	1,035
Sewer				
Sewage system				
Daily average treatment in gallons	8,000,000	10,310,000	7,981,000	9,068,000
Maximum daily capacity of treatment plant in gallons	13,500,000	13,500,000	21,131,000	21,131,000
Water systems				
Daily average consumption in gallons	7,950,000	7,812,000	7,845,000	7,684,000
Maximum daily capacity of plant in gallons	18,000,000	17,000,000	18,000,000	18,000,000
Refuse (Municipal Collection)				
Tonnage	10,807	11,798	10,774	10,615

Sources: Various City Departments.

Statistics updated for fiscal year 2006, 2007 & 2008.

TABLE 21

Year	2011	2012	2013	2014	2015	2016
	6,350	6,319	6,106	5,532	3,767	3,397
	12,289	11,836	12,089	8,959	7,354	9,058
	35,799	34,910	35,516	36,768	37,635	38,880
	4,884	5,307	4,792	5,165	5,603	5,750
	555	589	512	471	791	993
	8,132,000	7,817,000	10,987,000	7,091,000	7,237,000	7,016,000
	23,240,000	23,240,000	23,240,000	24,500,000	24,500,000	24,500,000
	7,636,000	7,226,000	6,953,000	7,235,000	6,956,000	7,068,184
	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
	10,660	11,180	10,535	10,311	10,690	11,098

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

	2007	2008	2009	Fiscal - 2010
Public safety				
Police				
Stations	1	1	1	1
Patrol units	19	19	19	22
Fire				
Stations	6	6	6	6
Aerial trucks	3	3	3	3
Public works				
Streets				
Miles (1)	307	317	320	321
Street lights (1)	1,802	1,855	1,877	1,916
Health and social services				
Hospital				
Number of patient beds	405	405	405	389
Cultural and recreation				
Library	1	1	1	1
Golf	1	1	1	1
Parks	47	47	47	48
Acreage	898	898	898	901
Recreation				
Civic center	1	1	1	1
Swimming pools	2	2	2	2
Softball fields	8	8	7	7
Baseball fields	1	1	1	1
Tennis courts	19	19	20	20
Sewer				
Sewage system				
Miles of sanitary sewer (1)	286	290	295	300
Miles of storm sewers (1)	120	122	143	144
Number of treatment plants	1	1	1	1
Number of service connectors	21,568	21,633	21,347	21,599
Water systems				
Miles of water mains	315	316	317	318
Number of service connectors	21,210	21,243	21,347	21,986
Number of city owned fire hydrants	2,798	2,812	2,831	2,843

Sources: Various City Departments.

(1) City GIS System

TABLE 22

Year					
2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
22	22	22	22	22	22
6	6	6	6	6	6
3	3	3	3	3	3
325	328	329	331	333	332
1,931	2,081	2,084	2,110	2,161	2,162
2	2	2	2	2	2
389	389	389	389	373	373
1	1	1	1	1	1
1	1	1	1	1	1
48	51	51	51	53	53
901	1,001	1,001	1,001	974	974
1	1	1	1	1	1
2	2	2	2	2	2
7	7	7	7	11	11
1	1	1	1	1	1
20	20	20	20	20	20
300	304	304	307	320	322
150	155	141	144	145	147
1	1	1	1	1	1
21,702	22,393	22,428	22,888	22,928	23,119
319	320	321	315	318	329
22,092	22,161	22,536	22,702	22,787	22,970
2,854	2,863	2,879	2,336	2,346	2,380

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

Table 23

<u>Year</u>	<u>Taxable Retail Sales</u>	<u>Number of Businesses</u>
2009	\$ 961,287,890	2,026
2010	971,050,048	2,043
2011	1,014,284,468	2,009
2012	1,060,222,499	1,993
2013	1,057,837,212	2,008
2014	1,240,664,593	3,337
2015	1,305,893,119	3,347
2016	*	*

Data Sources:
Iowa Department of Revenue

Prior years not available
* Unavailable at report date

Compliance Section
June 30, 2016
City of Dubuque, Iowa

THIS PAGE IS INTENTIONALLY LEFT BLANK



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 21, 2016.

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

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

Internal Control over Financial Reporting

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

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

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 deficiencies described in Part II of the accompanying schedule of findings and questioned costs as items 2016-A, 2016-B and 2016-C to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa
December 21, 2016

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the 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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 to be significant deficiencies.

The City's responses to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Dubuque, Iowa
December 21, 2016

City of Dubuque
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Commerce				
Direct program:				
Economic Adjustment Assistance	11.307		\$ 849,548	\$ -
U.S. Department of Housing and Urban Development:				
Direct program:				
Community Development Block Grants/Entitlement Grants	14.218		844,324	113,414
Community Development Block Grants/Entitlement Grants	14.218		207,352	-
			<u>1,051,676</u>	<u>113,414</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	11,433	-
Direct program:				
Continuum of Care Program	14.267		76,531	-
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856		81,787	-
Section 8 Housing Choice Vouchers	14.871		3,849,509	-
Section 8 Housing Choice Vouchers	14.871		538,532	-
Section 8 Housing Choice Vouchers	14.871		66,240	-
Section 8 Housing Choice Vouchers	14.871		31,479	-
			<u>4,485,760</u>	<u>-</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		282,165	-
Total U.S. Department of Housing and Urban Development			<u>5,989,352</u>	<u>113,414</u>

City of Dubuque
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Justice:				
Pass-through program from:				
Iowa Department of Justice:				
Violence Against Women Formula Grants	16.588	VW-16-42B-CJ	\$ 3,822	\$ -
Public Safety Partnership and Community Policing Grants	16.710	14-HotSpots-04	7,111	-
Direct program:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		1,000	-
Pass-through program from:				
Dubuque County Sheriff's Office:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	13-JAG-111022	31,053	-
			<u>32,053</u>	<u>-</u>
Direct program:				
Body Worn Camera Policy and Implementation	16.835		17,964	-
Total U.S. Department of Justice			<u>60,950</u>	<u>-</u>
U.S. Department of Transportation:				
Direct program:				
Airport Improvement Program	20.106		4,078,463	-
Airport Improvement Program	20.106		1,802,011	-
Airport Improvement Program	20.106		398,826	-
Airport Improvement Program	20.106		272,554	-
Airport Improvement Program	20.106		67,524	-
Airport Improvement Program	20.106		3,138	-
Airport Improvement Program	20.106		2,332	-
			<u>6,624,848</u>	<u>-</u>
Pass-through program from:				
Iowa Department of Transportation:				
Highway Planning and Construction	20.205	HDP-2100-(679) -71-31	4,458,180	-
Highway Planning and Construction	20.205	HDP-2100-(657) -71-31	1,670,785	-
Highway Planning and Construction	20.205	STP-U-2100(634) -70-31	1,538,733	-
Highway Planning and Construction	20.205	HDP-2100-(678) -71-31	1,155,585	-
Highway Planning and Construction	20.205	STP-U-2100(674) -70-31	682,228	-
Highway Planning and Construction	20.205	TAP-U-2100(683) -8I-31	528,057	-
Highway Planning and Construction	20.205	SB-IA-2100(675) -7T-31	57,082	-
Highway Planning and Construction	20.205	RGPL-PA27()-ST -31	39,382	-
Highway Planning and Construction	20.205	HDP-2100-(655) -70-31	22,816	-
			<u>10,152,848</u>	<u>-</u>

City of Dubuque
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Transportation: (continued)				
Federal Transit Cluster:				
Direct program:				
Federal Transit - Formula Grants	20.507		\$ 1,216,056	\$ -
Federal Transit - Formula Grants	20.507		22,310	-
Pass-through program from:				
Iowa Department of Transportation:				
Federal Transit - Formula Grants	20.507	2016-017-210-16	412,765	-
Federal Transit - Formula Grants	20.507	IA-95-X014-FF15	116,259	-
			<u>1,767,390</u>	<u>-</u>
Direct program:				
State of Good Repair Grants Program	20.525		1,086,076	-
State of Good Repair Grants Program	20.525		132,200	-
			<u>1,218,276</u>	<u>-</u>
Total Federal Transit Cluster			<u>2,985,666</u>	<u>-</u>
Pass-through program from:				
Iowa Department of Transportation:				
Formula Grants for Rural Areas	20.509	ICB-CY15	7,310	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	IA-16-X005-210 -16	45,939	-
Iowa Department of Public Safety:				
State and Community Highway Safety	20.600	PAP 15-402 -M0OP	12,367	-
State and Community Highway Safety	20.600	PAP 16-402 -M0OP	11,597	-
			<u>23,964</u>	<u>-</u>
Total U.S. Department of Transportation			<u>19,840,575</u>	<u>-</u>
Environmental Protection Agency:				
Pass-through program from:				
Iowa Department of Natural Resources:				
State Clean Diesel Grant Program	66.040	DS-97745501-0	14,375	-
Iowa Finance Authority				
Capitalization Grants for Clean Water State Revolving Funds	66.458	GNS10-5	2,158,524	-
Direct program:				
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814		48,344	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		197,104	-
Total Environmental Protection Agency			<u>2,418,347</u>	<u>-</u>

City of Dubuque
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Health and Human Services:				
Pass-through program from:				
Dubuque County Health Department:				
Hospital Preparedness Program (HPP)				
and Public Health Emergency				
Preparedness (PHEP) Aligned				
Cooperative Agreements				
	93.074	5885BT22	\$ 4,118	\$ -
Corporation for National and Community Service:				
Pass-through program from:				
Iowa Commission on Volunteers:				
AmeriCorps				
	94.006	15-AC-14	175,807	-
AmeriCorps				
	94.006	14-AC-14	34,693	-
Total Corporation for National and Community Service			<u>210,500</u>	<u>-</u>
U.S. Department of Homeland Security:				
Direct Program:				
Assistance to Firefighters Grant				
	97.044		54,794	-
Total			<u>\$ 29,428,184</u>	<u>\$ 113,414</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 for governmental funds and the full accrual basis of accounting for the proprietary funds. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Significant Accounting Policies

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

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

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

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	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	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Economic Adjustment Assistance	11.307
Community Development Block Grants/Entitlement Grants	14.218
Highway Planning and Construction	20.205
Federal Transit Cluster:	
Federal Transit - Formula Grants	20.507
State of Good Repair Grant Program	20.525
Capitalization Grants for Clean Water State Revolving Funds	66.458

Dollar threshold used to distinguish between type A and type B programs:	\$882,845
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESS

2016-A Material Audit Adjustments

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

Condition – During the course of our engagement, we proposed material audit adjustments to intergovernmental and notes receivables and the schedule of expenditures of federal awards that were not identified as a result of the City’s existing internal controls and, therefore, could have resulted in a material misstatement of the City’s financial statements.

Cause – There is a limited number of office employees with varying levels of experience with the reporting requirements. This significantly limits the City’s review procedures.

Effect – The effect of this condition was financial data not in accordance with generally accepted accounting principles and the requirements of the Uniform Guidance.

Recommendation – We recommend that finance staff continue to receive relevant training and that additional review procedures be implemented in preparing the financial statements.

View of Responsible Officials – The Finance Department will continue to receive relevant training, and management will review all documentation completed by staff for use in preparing the financial statements. Additional checks have been put in place to monitor the situations identified in this audit.

2016-B Grant Reconciliation Process

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

Condition – During the course of our engagement, we noted several instances in which the City did not properly reconcile grant revenues with grant expenditures on the accrual basis.

Cause – Control activities relating to grant recording and processing vary between the different departments of the City. Furthermore, monitoring of grant revenues and expenses is not always performed by personnel of the Finance Department.

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

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

Recommendation – We recommend that the Finance Department designate a staff member to monitor the grant reconciliation process for all of the grants of the City. We also recommend staff follow City policy to perform monthly grant reimbursement requests if a grant request is over \$100,000.

View of Responsible Officials – The Finance Department will continue to receive relevant training, and management will review all documentation completed by staff for use in preparing the financial statements. Additional finance staff will be assigned for the review and auditing of grant documentation. The City's grant policy directs staff to request monthly draws if reimbursements due are \$100,000 or more.

2016-C Tax Increment Financing Reconciliation Process

Criteria – A properly designed system of internal control over Tax Increment Financing (TIF) allows entities to properly segregate duties surrounding the preparation of TIF information.

Condition – During the course of our engagement, we noted the Budget Director prepares, reviews, and maintains all Tax Increment Financing duties.

Cause – Complexities surrounding the nature of TIF have caused most of the duties to be assigned to one individual.

Effect – The effect of this condition was controls were not properly segregated surrounding the preparation of the TIF forms certified to the County.

Recommendation – The Finance Department should implement additional controls over the management of its approximately \$158,000,000 in TIF indebtedness. Such controls should include increasing supporting documentation for the amounts certified, formalizing a review and approval procedure, comparing future TIF needs with TIF abatement schedules and rebate agreements, and comparing future needs with cash on hand for each TIF district.

View of Responsible Officials – The Finance Department and Economic Development Department prepared the State Annual Urban Report for fiscal year ended June 30, 2016. This was previously prepared in the Budget Office. Finance tied all fund balances for each TIF Fund. The City is currently reviewing possibilities of segregating duties within the Budget Department for the preparation of the County report, and review of source and summary documents and worksheets. Both departments will continue to take advantage of relevant training opportunities.

Part III: Findings and Questioned Costs for Federal Awards:

**2016-001 U.S Department of Housing and Urban Development
CFDA 14.218
Community Development Block Grants/Entitlement Grants**

**U.S. Department of Transportation
CFDA #20.507
Federal Transit – Formula Grants**

**Procurement and Suspension and Debarment
Significant Deficiency in Internal Control over Compliance**

Criteria – The Uniform Guidance, Section 200.303 Internal Controls, requires the non-federal entity must establish and maintain effective internal controls over federal awards that provide reasonable assurance that awards are being managed in compliance with federal statutes, regulations and the terms and conditions of the federal award.

Suspension and Debarment Requirements

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/>.

Condition – We tested compliance and internal controls over suspension and debarment and noted two “covered transactions”, in which there was no documentation to support that a System of Award Management (SAM) check was performed to determine if the entity was suspended or debarred.

Cause – There is a lack of effective controls over the suspension and debarment compliance requirements.

Effect – Failure to provide documentation of the SAM’s check being performed may result in disallowed cost.

Questioned Costs – None reported.

Context/Sampling – Program expenditures for the year ended June, 30, 2016, contained only the two tested “covered transaction”. Sampling was not used.

Part III: Findings and Questioned Costs for Federal Awards: (continued)

Repeat Finding from Prior Year(s) – No.

Recommendation – We recommend that management review and improve the approval and documentation process for program expenditures to identify “covered transactions” and ensure SAM’s checks are performed.

View of Responsible Officials – The grant policy has been updated to require the SAM’s check. Added an additional requirement that request for grant draws will require reconciliation to financial system transaction reports prior to submittal to agency. Departments will receive relevant training and updates as required.

**2016-002 U.S. Department of Transportation
CFDA #20.507
Federal Transit – Formula Grants**

**Reporting
Significant Deficiency in Internal Control over Compliance**

Criteria – The Uniform Guidance, Section 200.303 Internal Controls, requires the non-federal entity must establish and maintain effective internal controls over federal awards that provide reasonable assurance that awards are being managed in compliance with federal statutes, regulations and the terms and conditions of the federal award.

Condition – We noted one federal financial report with no expenditure amounts reported, even though expenditures were incurred.

Cause – There is a lack of effective controls over the reporting compliance requirements.

Effect – Inaccurate federal financial reports were filed.

Questioned Costs – None reported.

Context/Sampling – A nonstatistical sample of 3 reports out of 10 reports were selected for testing.

Repeat Finding from Prior Year(s) – No.

Recommendation – We recommend that management review and improve internal controls over financial reporting requirements.

View of Responsible Officials – Management has added procedures for reconciliation of grant reimbursable expenditures to grant draw requests. Departments will provide quarterly evidence of reconciliation to Finance Department. The reconciliation will become part of the SEFA preparation.

Part IV: Other Findings Related to Required Statutory Reporting:

2016-IA-A Certified Budget – Disbursements during the year ended June 30, 2016 exceeded the amount budgeted in the general government and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

2016-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.

2016-IA-C Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2016-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
Riley Fairchild, employee, spouse is owner of Fairchild Business Coaching, Inc.	Services	\$ 800
Gina Hodgson, employee, spouse is Brian Hodgson	Right-of-Way	100

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Fairchild Business Coaching, Inc. and Brian Hodgson do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

2016-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.

2016-IA-F Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

2016-IA-G Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

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

2016-IA-H Revenue Debt – No instances of non-compliance with the provisions of the Sewage Disposal Works, Water Utility, or Stormwater Utility revenue debt resolutions were noted.

2016-IA-I Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the following reporting exception was noted:

The City did not include the proper amount of interest relating to the General Obligation 2009B Central Parking Ramp debt within the Annual Urban Renewal Report.

Recommendation – The City should implement additional preparation and review procedures relating to Annual Urban Renewal Report.

Response – The Finance and Economic Development Departments will evaluate opportunities for additional training in the preparation of the AURR. Management will review documents used for the preparation of TIF Reports.

2016-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 inaccurately.

Recommendation – To minimize the likelihood of future errors, the City should implement additional controls over the management of its approximately \$158,000,000 in TIF indebtedness. Such controls should include increasing supporting documentation for the amounts certified and formalizing a review and approval procedure.

Response – The City will monitor source documents and worksheets to prevent future errors.

2016-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.

2016-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.

Prior Year Findings Related to the Financial Statements:

**2015-A Material Audit Adjustments
Material Weakness**

Initial Fiscal Year Finding Occurred – 2009

Finding Summary – During the course of our engagement, we proposed material audit adjustments to intergovernmental receivables, capital assets, and schedule of expenditures of federal awards that were not identified as a result of the City’s existing internal controls and, therefore, could have resulted in a material misstatement of the City’s financial statements.

Status – Material audit adjustments were proposed during the fiscal year 2016 audit. The finding has been repeated as a material weakness as finding 2016-A.

**2015-B Grant Reconciliation Process
Significant Deficiency**

Initial Fiscal Year Finding Occurred – 2015

Finding Summary – During the course of our engagement, we noted several instances in which the City did not reconcile grant revenues with grant expenditures on the accrual basis. Control activities relating to grant recording and processing vary between the different departments of the City. Furthermore, monitoring of grant revenues and expenses is not always performed by personnel of the finance department.

Status – The lack of proper grant reconciliation was noted during the fiscal year 2016 audit. The finding has been repeated as a material weakness as finding 2016-B.

**2015-C Tax Increment Financing Reconciliation Process
Significant Deficiency**

Initial Fiscal Year Finding Occurred – 2015

Finding Summary – During the course of our engagement, we noted the Budget Director prepares, reviews, and maintains all Tax Increment Financing (TIF) duties. The complexities surrounding the nature of TIF have caused most of the duties to be assigned to one individual. This situation has resulted in the controls over the preparation of the TIF forms certified to the County not being properly segregated.

Status – The controls over the preparation of the TIF forms certified to the County are not yet segregated. The finding has been repeated as a material weakness as finding 2016-C.

Prior Year Findings for Federal Awards:

**2015-001 U.S. Department of Transportation
CFDA #20.525
State of Good Repair Grants Program**

**Matching, Level of Effort, Earmarking
Material Weakness in Internal Control and Noncompliance**

Status – The appropriate corrective action was taken.