

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
JUNE 30, 2017



DUBUQUE REGIONAL AIRPORT TERMINAL

***About the Cover:***

The Dubuque Regional Airport Commercial Passenger Terminal opened to the public on June 9, 2016. The Federal Aviation Administration provided 85% of the funding for this project with the remaining 15% being provided by the Iowa Department of Transportation, the City of Dubuque, airline passenger facility charges, rental car customer facility charges and public donations.

This project replaced the original terminal built in 1948 with a state of the art gateway to the Dubuque area. This building achieved Silver LEED certification by following the City of Dubuque's emphasis on sustainability with several features such as, light pollution reduction, water-efficient landscaping, water use reduction, use of recycled materials, emphasis on regional materials and the use of total energy recovery.

This facility has enhanced the Airport's mission of providing quality, viable and competitive airport services while promoting sustainability and economic growth for the Dubuque area.

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**Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2017  
City of Dubuque, Iowa**

Prepared by:  
Department of Finance

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**Introductory Section**  
**June 30, 2017**  
**City of Dubuque, Iowa**

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**CITY OF DUBUQUE, IOWA**  
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December 21, 2017

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

The City of Dubuque, Iowa, pursuant to the requirements set forth by state and federal regulations, hereby submits the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Understanding the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. 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.

The Code of Iowa 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 2017. 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 Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings, recommendations, and the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and grants, are included in the Compliance Section of this report. The independent auditors' report is included in the Financial Section of this report.

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), stormwater system, parking facilities, refuse collection, and public transportation.

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 is financially accountable. This report includes the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), Dubuque Initiatives and Subsidiaries, and 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 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. 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 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, incorporated in 1833, 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 of Dubuque has a stable, diversified economic base and is a major tri-state retail center. The city currently has a land area of 31.8 square miles, and a census 2010 population of 57,637. The U.S. Census Bureau's 2016 population estimate for Dubuque is 58,531. 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. As of October 2017, the city's unemployment rate was 2.1%, below the state unemployment rate of 3.0% and the 4.1% national rate.

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 city council is elected on a non-partisan basis. The mayor is elected to a four-year term. 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, among other things, for 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 AND OUTLOOK**

The economic condition and outlook of Dubuque continues to thrive. The city's economy has a diverse employer base including manufacturing, technology, health services, insurance, education, and government. The top 10 employers in the area employ less than 19% of the total workforce and cover five different industries, which insulates the city from the negative impact on a downturn in any one area of the economy. Several industry experts and associations have recognized the community's efforts to diversify its economy. The Mid-America Economic Development Council (MAEDC) presented Greater Dubuque Development Corporation with four of the top honors at the 2016 Economic Development awards held December 2016.

Greater Dubuque Development Corporation took First Place in the following categories:

- Annual Report for the 2015-2016 Report
- Business Retention & Expansion for the Info Action Program
- Workforce Development for the HR Action Program
- 2016 Deal of the Year for the Alliant Energy Solar Project

Alliant Energy's Solar Gardens Project was announced in June 2016 and both sites became operational in the fall of 2017. The two sites in Dubuque form the largest solar development in the state of Iowa. This project was conducted in collaboration with the City of Dubuque and Greater Dubuque Development Corporation (GDDC). Most of the solar panels (15,600) were installed on 21 acres of City-owned property north of Humke Road in Dubuque Industrial Center West. Over 3,500 solar panels were also installed on six acres owned by A.Y. McDonald Mfg. Co. along U.S. 61/151, near the 16th Street detention basin.

The spotlight was on the City of Dubuque at the International Economic Development Council (IEDC) annual meeting in September 2016. Mayor Roy D. Buol, Northeast Iowa Community College President Dr. Liang Chee Wee, and Greater Dubuque Development Corporation all received recognition from the IEDC. The council's Excellence in Economic Development Awards recognize the world's best economic development programs and partnerships, marketing materials, and this year's most influential leaders. These awards honor organizations and individuals for their efforts in creating positive change in urban, suburban, and rural communities. Mayor Buol received the Leadership Award for Public Service. Dr. Wee was honored with the Institutional Leadership Award. Greater Dubuque Development Corporation was the recipient of the Bronze Excellence in Economic Development Award for the InfoAction program for business retention and expansion.

## **Industrial**

*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 completed 138,000 square-feet to its current 193,500 square-foot building. This new addition is expected to add 35 new jobs by 2021. In November 2017, the Iowa Economic Development Authority (IEDA) announced that a "development-ready" site near Dubuque's Industrial Center West is the latest industrial site to achieve certification through the Iowa Certified Sites Program. It joins 18 other sites in the state that have been designated as project-ready. The City-owned property consists of six parcels covering 163 total acres, of which 103 acres are developable.

*Dubuque Industrial Center South (DICS):* In May 2017, Flexsteel Industries announced plans to relocate their manufacturing operations to a new site in the Dubuque Industrial Center South. The company will invest over \$28 Million to construct and equip a new state-of-the-art, 250,000-square-foot facility. The current manufacturing plant is located at 3400 Jackson Street. This announcement came as a welcome development after months of collaboration by private and public entities. Prior to the Flexsteel news, Tri-state 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 hire 10 new full-time workers by 2020, bringing their total employment to 17 full-time positions.

*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 where Heartland Financial relocated existing staff to the third floor. A major remodel is also underway to house RSM US LLC's Dubuque workforce. Cottingham & Butler, headquartered in Dubuque and the nation's 30th largest insurance broker, announced in October 2017 its plans to make an estimated capital investment of \$2.3 million and add 20 employees to its Dubuque staff over the next three years. In August 2016, the firm announced its plan to invest \$1.2 million and add 90 new employees by April 2019 to its leased space at the Roshek Building. This follows their 2015 decision to invest \$1.2 million and add 90 employees to their offices at 1000 and 1030 Main Street by March 2018.

*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. 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.

In just the past six months alone, two new attractions opened in the district. Back Pocket Brewing Company constructed and opened a tap room and dining area – already a favorite of both tourists and locals alike – in the Novelty Iron Works building. In August, after nearly \$2.5 million in reconstruction and modernization, 7 Hills Brewing Company completed and opened a new brewery and restaurant in the district.

Construction of a 54-room Marriot Townplace Suite extended-stay hotel broke ground in June 2017 and is scheduled to 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.

*Brewery Neighborhood Conservation District:* The former Dubuque Brewing and Malting Company complex (aka H&W Building) is a collection of buildings constructed primarily of red brick between 1896 and 1934 on the northeast corner of Jackson and 30th Streets. The complex is eligible for the National Register of Historic Places and is in Dubuque's Brewery Neighborhood Conservation District. The southern portion of the building was purchased by 3000 Jackson LC in March 2017 and work to restore the building began. The new owner obtained a demolition permit to deconstruct the unsound section of the structure and plan to stabilize and make immediate repairs to prevent further deterioration. Although a portion of the historic structure will be demolished, there are plans to repair, stabilize, and eventually completely restore the property in the future.

*Commercial Development:* Fiscal Year 2017 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, opened 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 U.S. 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. Lebeda Mattress is building a new 5,800 square-foot store near northeast corner of the Northwest Arterial and Asbury Road.

Tri-State Independent Blind Society is constructing a new 13,123 square foot facility on Cedar Cross Road and will sell their existing site on Asbury Road to Natural Grocers who will remodel the existing building and site. Lamar Advertising has completed construction of a new 13,670 square-foot facility on Kerper Court to replace the existing facility on Elm Street that is being redeveloped for a medical service facility.

In late 2016, the Barrell House opened at 3rd and Main Streets. In August 2017, a new Caribou Coffee and Einstein Bagels opened in Wacker Plaza. Additionally, Starbucks broke ground on a new, stand-alone store on U.S. Hwy 20 / Dodge. These developments follow recent openings of Chick-Fil-A, Popeye's, Chipotle Grill, Devil's Pit Char-B-Que, Five Guy's Burgers, Smoke Stack, and The Dungeon. And, Freddy's Frozen Custard will open a new restaurant in Asbury Plaza as construction began in the Fall of 2017.

### **Health Services**

UnityPoint-Health Finley Hospital completed a \$42 million project in June 2016. A three-story, 70,000 square-foot addition that houses the Finley Heart and Vascular Center, and new emergency and surgery departments. The first floor serves as a new emergency department with 16 exam rooms. Floor two features eight new general surgical suites, three special procedure rooms, an anesthesia care unit and outpatient center. The third floor will allow Finley to consolidate all its heart care services into one location. Mercy Medical Center completed its redesign of the main entrance, admitting, and lab facilities in summer 2017. The transformation provides more comfort and convenience for patients, family, and visitors.

Mercy Medical Center along with Medical Associates Clinic announced plans for a \$25 million project to build a two-story building east of the hospital to serve as a hematology/oncology outpatient clinic. The plans are currently on hold. Iowa Health Facilities Council did not grant their approval for a certificate of need for a linear accelerator included in the project.

### **Education**

Dubuque Senior High School completed most of the renovations to the school just prior to the beginning of the 2017-2018 school year. The \$30 million, two-year project added a new main entrance, administrative offices, student commons, cafeteria, gymnasium, and classroom additions to the school. The remaining projects are expected to be finished in February 2018.

Wahlert Catholic High School completed a \$17.8 million renovation this fall. The school was completely redone, including new classrooms and hallways, modifying the existing roof structure, and a new heating and cooling system.

University of Dubuque received a \$60 million estate commitment, the largest in the University's history. The investment, an estate gift will support a scholarship Fund. The two-part commitment, \$37 million of which has already been received by the University, will bring UD's endowment to over \$150 million. Loras College, a four-year Catholic liberal arts college, officially raised \$105.6 million, during its *Inspiring Lives & Leadership* campaign. It's the largest and most successful fundraising effort in the college's 178-year history. Clarke University remodeled its Food Science Labs, which are the first of their kind in the tri-state area. The space includes a food preparation and processing lab, sensory evaluation lab, and a food analysis lab. Dubuque is a major center of food production and processing, ingredients manufacturing, and food-related entrepreneurship. The food science sector is a key area for growth, as identified in the Greater Dubuque Development Corporation's (GDDC) current marketing plan. According to the GDDC, 68 companies within 90 minutes of Dubuque are related to food science, and there are 498 food processing-ingredient companies headquartered in Iowa and five surrounding states.

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

- The National Civic League named Dubuque a 2017 All-America City. This makes the fourth time in ten years Dubuque has received this award which recognizes communities whose citizens work together to identify and tackle community-wide challenges and achieve uncommon results. Dubuque received the 2017 award for the Dubuque Campaign for Grade-Level Reading, a network of individuals and organizations working together to ensure that all children read at grade level by the end of third grade.
- Dubuque was awarded an Outstanding Achievement Award for the Bee Branch Watershed Flood Mitigation Project at the 2017 City Livability Awards in June 2017. The Conference of Mayors City Livability Program recognizes mayoral leadership in developing and implementing programs that improve the quality of life in America's cities, focusing on the leadership, creativity, and innovation demonstrated by the mayors.
- In November of 2017, Alot Travel, an online travel information source that describes itself as offering "cultivated insights from travel professionals and wanderlust enthusiasts," announced its list of the "30 Best Small Cities in the United States." Dubuque was ranked #12 and was the only Midwestern city in the top 20 and one of just two Iowa cities to make the list.

## 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.

*Bee Branch Watershed Flood Mitigation Project:* 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. The City has received \$160 million in state and federal funds for the project. The \$60 million Upper Bee Branch Creek Restoration phase of the project was finalized, and a ribbon-cutting ceremony was held in July 2017 to celebrate the opening of the Bee Branch Creek Greenway.

In 2016, the City of Dubuque was awarded a total of \$31.5 million through the U.S. Department of Housing & Urban Development (HUD) National Disaster Resilience Competition (NDRC) Grant awarded to the State of Iowa's "Iowa Watershed Approach." This total includes \$8.4 million for the Bee Branch Healthy Homes Resiliency Program in the form of five-year forgivable loans to improve 320 housing units, including owner-occupied homes; single-unit rentals; and small, multi-family residential units. The grant will also provide \$23.1 million for stormwater infrastructure improvements related to the Bee Branch Watershed Flood Mitigation Project. Specifically, this includes \$9 million towards the \$18 million project to install culverts to pass floodwaters from the Upper Bee Branch to the Lower Bee Branch through the railway yard on Garfield Avenue. The grant will also provide \$11.5 million towards the \$15.4 million project to provide drainage improvements from the Bee Branch Creek to the west along 22nd Street up Kaufmann Avenue all the way to Kane Street. Finally, the grant will provide \$2.6 million towards the \$11.3 million project to provide drainage improvements from the Bee Branch Creek to the west along 17th Street to West Locust Street and along West Locust Street towards Kirkwood Street. The HUD Resiliency Grant will expedite the completion of the Bee Branch Watershed Flood Mitigation Project, expanding its scope to lessen the flood damage caused by future flash floods.

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 specifically 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 stormwater run-off in the watershed by up to 80 percent and prevent flooding. In addition to reducing stormwater 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 2017, more than 70 alleys have been completed.

*Water System Purchase:* In late 2016, the City of Dubuque executed an agreement to purchase a private water system from the Central Iowa Water Association (CIWA). The agreement settled ongoing litigation between the City and CIWA, resulting in transferred ownership of the private water system to the City of Dubuque. Under the agreement, CIWA relinquished its federally protected service area for two miles outside of the City’s current corporate limits. Additionally, CIWA agreed not to serve any water or sewer customers in the future within two miles of the City’s corporate limits at the time service is requested, and as the corporate city limits expand. The acquisition of the water system, including the water tower near Swiss Valley Road, enables the City of Dubuque to meet the future needs of residential, commercial, and industrial water customers in these and surrounding areas. Dubuque’s municipal water system has readily available capacity and pressure needed for fire suppression to commercial and industrial facilities, as well as serve the needs of industrial manufacturing processes with water pressure requirements. The service area includes the Southwest Arterial project corridor, the development of which is estimated to have the potential to generate \$1.67 billion in economic output, \$653 million in labor income, and \$1.02 billion in value added from 2021-2030.

*Intermodal Transportation Center:* The Jule, 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.

That facility will soon be complimented by a new Jule Operations and Training Center being constructed nearby on Kerper Blvd. It will replace the century-old facility on Central Avenue and provide numerous operating efficiencies. The \$6.8 million project will be completed in early 2018 and is supplemented with nearly \$5.3 million in state and federal funds.

*Southwest Arterial:* 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 / U.S. Hwy 52 project, a 6.1-mile, four-lane, divided freeway with priority-one access control and will provide an alternative route for traffic through southwestern Dubuque. It will connect the Dubuque Technology Park on U.S. Hwy 61 / 151 with the new Dubuque Industrial Center West and the existing Dubuque Industrial Center near U.S. Hwy 20 / Dodge. Property acquisition was completed in 2016 and a groundbreaking ceremony was held in October 2016. Extensive grading and construction are currently under way. The Iowa DOT, DMATS, Dubuque County, and the City of Dubuque have budgeted over \$159 million to build the Southwest Arterial 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 for the 10-year period. This project will also generate \$16 million in property tax, \$304 million in economic output, \$24 million in state and local taxes, and \$24 million in federal taxes due to economic development, in addition to \$3 million in safety savings from 2030 onwards. Side benefits include removing over 500 commercial vehicles a day from downtown streets and encouraging redevelopment on Central Avenue and White Street. Almost 1,000 trucks per day will be removed from U.S. Hwy 20 / Dodge. 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:

- Robust Local Economy: Diverse Businesses and Jobs with Economic Prosperity
- Vibrant Community: Healthy and Safe
- Livable Neighborhoods and Housing: Great Place to Live
- Financially Responsible, High-Performance City Organization: Sustainable, Equitable, and Effective Service Delivery
- Sustainable Environment: Preserving and Enhancing Natural Resources
- Partnership for a Better Dubuque: Building Our Community that is Viable, Livable, and Equitable Diverse Arts, Culture, Parks, and Recreation Experiences and Activities
- Connected Community: Equitable Transportation, Technology Infrastructure, and Mobility

## 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.

*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 \$872,320 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. Workers' compensation coverage up to \$500,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims reflected a \$99,108 net position as of June 30, 2017. The City has also established a self-insurance plan for medical, prescription drug, and short-term disability. The accumulated reserve provision for such claims equaled \$1,550,951 as of June 30, 2017. 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, 2016. This was the 29th 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, 2017. 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 12<sup>th</sup> 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,

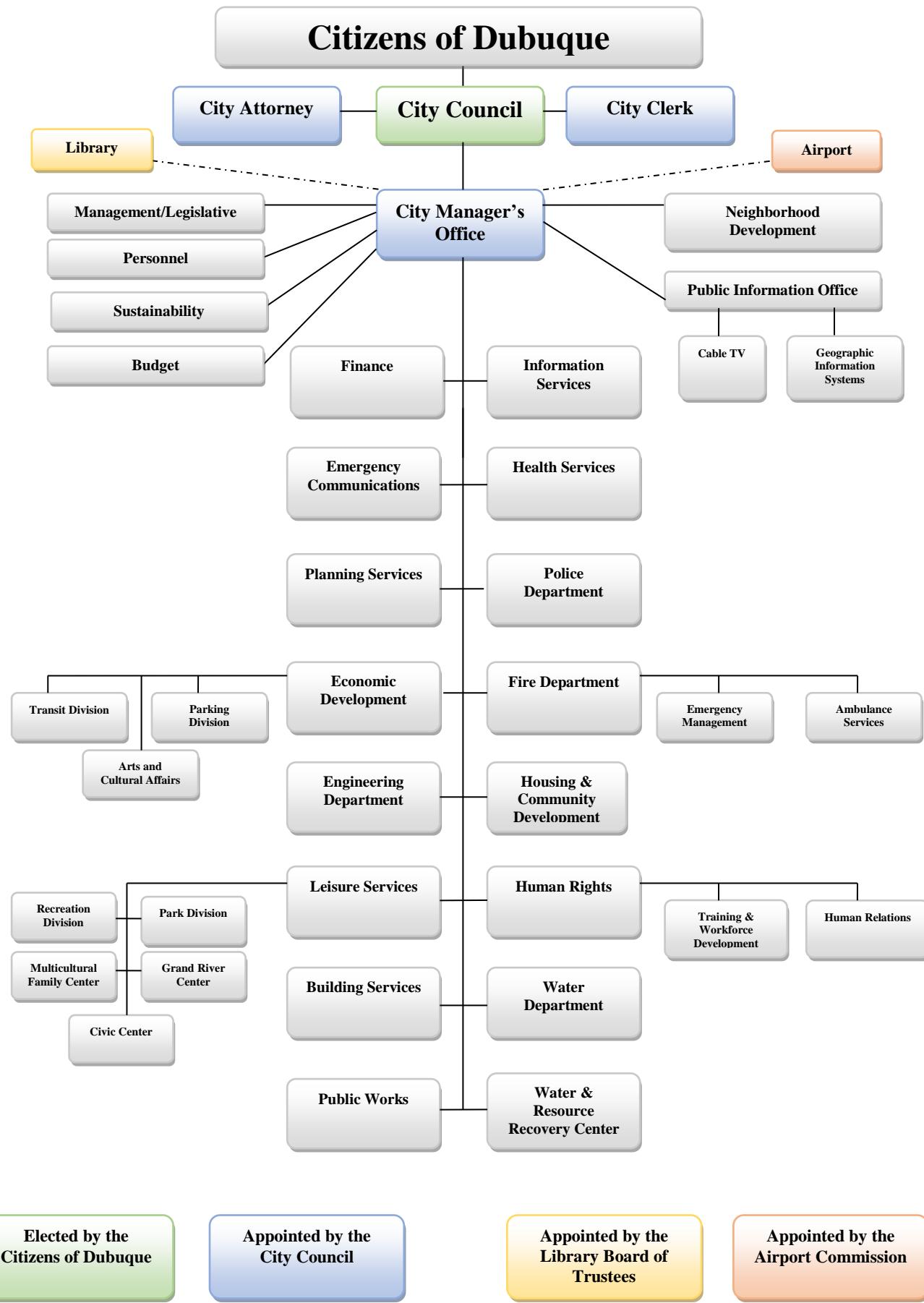


Michael C. Van Milligen  
City Manager



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, 2017**

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**CITY COUNCIL**

Roy D. Buol	Mayor
Ric W. Jones	Council Member – At Large
David T. Resnick	Council Member – At Large
Kevin J. Lynch	Council Member – 1st Ward
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	Senior Counsel
Crenna M. Brumwell-Sahm	City Attorney
Maureen A. Quann	Assistant City Attorney
Kevin S. Firnstahl	City Clerk

**DEPARTMENT MANAGERS**

Robert A. Grierson	Airport Manager
Therese H. Goodmann	Assistant City Manager
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, 2016**

*Christopher P. Morill*

Executive Director/CEO

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**Financial Section**  
**June 30, 2017**  
**City of Dubuque, Iowa**

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa as of and for the year ended June 30, 2017 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 61 percent, 76 percent, and 67 percent, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report 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 report 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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, 2017, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Fort Collins, Colorado  
December 21, 2017

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**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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This section of the City of Dubuque's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2017. 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 \$527,733,905 compared to net position of \$501,793,953 for fiscal year 2016.
- Governmental program revenues decreased by \$5,748,481 from fiscal year 2016. The largest portion of the decrease is the lower grants reimbursement for the new terminal parking at the airport and for the SouthWest Arterial project.
- The City's business type activities program revenues increased \$7,724,294. Charges for services increased \$1,119,101. Water (3%), sewer (3%), stormwater (7%), and refuse (2%) rates were increased in fiscal year 2017. Grant reimbursements for construction of the new Transit Bus Garage increased as construction is in full swing, while capital contributions for both stormwater and sewer increased due to subdivisions being completed and assets being donated to the City.

## **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, 2017**

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The government-wide financial statements include not only the City itself (known as the primary government), but also three other legally separate entities (known as component units), the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), Dubuque Initiatives (DI) and Subsidiaries, and the Dubuque Convention and Visitors Bureau (CVB) for which the City of Dubuque is considered financially accountable. Financial information for DMASWA, DI, and CVB are reported separately from the financial information presented for the primary government. The Dubuque Metropolitan Area Solid Waste Agency, Dubuque Initiatives and Subsidiaries, and Dubuque Convention and Visitors Bureau issue separate financial statements. Dubuque Initiatives and Subsidiaries' financial statements are prepared on a calendar year basis while the Dubuque Metropolitan Area Solid Waste Agency's and Dubuque Convention and Visitors Bureau'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, 2017**

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The City maintains three individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, tax increment financing fund, and 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 enterprises funds to account for its sewer, water, storm water, and refuse utilities, transit service, parking facilities, salt, and America's River Project. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its engineering services, garage services, stores/printing, health insurance, and workers' compensation. The City's internal service funds predominately benefit the governmental activities and have been included in the governmental activities in the government-wide financial statements.

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

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

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

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor 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, 2017**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

The 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 is 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	
	2017	2016	2017	2016	2017	2016
Current and other assets						
Capital assets	\$ 96,575,236	\$ 95,997,489	\$ 41,870,879	\$ 46,385,321	\$ 138,446,115	\$ 142,382,810
Total assets	416,559,468	411,932,115	335,581,393	312,026,175	752,140,861	723,958,290
	<u>513,134,704</u>	<u>507,929,604</u>	<u>377,452,272</u>	<u>358,411,496</u>	<u>890,586,976</u>	<u>866,341,100</u>
Deferred outflows of resources	15,400,630	8,309,113	1,560,905	811,944	16,961,535	9,121,057
Long-term liabilities	129,295,802	125,242,041	193,953,187	185,823,575	323,248,989	311,065,616
Other liabilities	15,902,342	16,658,669	12,710,097	14,609,023	28,612,439	31,267,692
Total liabilities	145,198,144	141,900,710	206,663,284	200,432,598	351,861,428	342,333,308
Deferred inflows of resources	27,725,187	30,786,633	227,991	548,263	27,953,178	31,334,896
Net position:						
Net investment in capital assets	375,578,520	369,244,904	164,448,390	161,326,743	540,026,910	530,571,647
Restricted	23,955,112	21,473,309	3,796,752	4,254,907	27,751,864	25,728,216
Unrestricted	(43,921,629)	(47,166,839)	3,876,760	(7,339,071)	(40,044,869)	(54,505,910)
Total net position	<u>\$ 355,612,003</u>	<u>\$ 343,551,374</u>	<u>\$ 172,121,902</u>	<u>\$ 158,242,579</u>	<u>\$ 527,733,905</u>	<u>\$ 501,793,953</u>

Net position of the governmental activities increased \$12,060,629 over fiscal year 2016 balance of \$343,551,374. Governmental activities had \$2.6M of capital assets donated from outside sources. There was also a large increase in deferred outflows of resources due to investments differences in relation to pension liability with IPERS and MFPRSI. Grant revenues decreased by \$5.5M. The majority of the decrease was made up of a \$2.4M decrease as the Airport Terminal project completed and a \$3.3M decrease in grant revenues for the Southwest Arterial Project. These decreases combined with smaller increases spread across other grants accounted for the overall decrease of grant revenues.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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Net position for the business-type activities increased \$13,879,323 over fiscal year 2016 of \$158,242,579. Charges for services increased \$1,119,101. The increase in charges for services revenue reflects the increase in water and sewer rates by 3% and the 2% increase in refuse and 7% increase in stormwater rates. Grants and contributions increased \$6.6 million, this was due to an increase in transit grants along with an increase in contributions in the sewer, stormwater and transit funds over fiscal year 2016.

A portion of the City's net position \$27,751,864 or 5.3% represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal year 2017, 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.

**Governmental activities.** Taxes are the largest source of governmental revenues with property taxes of \$39,678,473 in 2017. Other governmental revenues included gaming \$8,098,324, local option sales taxes \$8,890,046, and charges for services \$14,920,016.

Governmental operating expenses during 2017 totaled \$94,643,763. The largest programs were public safety of \$30,020,343, public works of \$19,608,137, community and economic development of \$18,096,170, and culture and recreation of \$13,653,509.

**Business-type activities.** Business-type activities increased net position by \$13,879,323 in fiscal year 2017 compared to fiscal year 2016 net position of \$158,242,579. Operating revenue increased \$1,119,101. Sewer's supplies and services expenses were lower in fiscal year 2017 than fiscal year 2016, due to the cessation of the I&I Program, along with a reduction of general sewer repairs. This was also the first year the Sewer fund accounted for inventory at year end. Sewer, Storm & Water saw large increases in capital contributions as subdivisions were completed and their assets were transferred to the City. Intergovernmental revenue decreased \$709,140; of which, \$696,163 was a decrease in transit operating grants.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 14,920,016	\$ 15,088,466	\$ 33,090,352	\$ 31,971,251	\$ 48,010,368	\$ 47,059,717
Operating grants and contributions	15,028,527	15,301,219	1,700,171	1,648,077	16,728,698	16,949,296
Capital grants and contributions	13,360,280	18,667,619	14,160,820	7,607,721	27,521,100	26,275,340
General revenues						
Property taxes	39,678,473	36,518,506	-	-	39,678,473	36,518,506
Local option sales tax	8,890,046	9,155,411	-	-	8,890,046	9,155,411
Hotel/motel tax	2,821,745	2,128,042	-	-	2,821,745	2,128,042
Utility franchise fees	4,558,847	4,360,107	-	-	4,558,847	4,360,107
Gaming	8,098,324	8,440,161	-	-	8,098,324	8,440,161
Unrestricted investment earnings	335,577	1,082,165	231,746	407,528	567,323	1,489,693
Gain on sale of capital assets	83,720	813,492	54,074	102,824	137,794	916,316
Total revenues	<u>107,775,555</u>	<u>111,555,188</u>	<u>49,237,163</u>	<u>41,737,401</u>	<u>157,012,718</u>	<u>153,292,589</u>
<b>Expenses:</b>						
Public safety	30,020,343	26,851,624	-	-	30,020,343	26,851,624
Public works	19,608,137	24,323,023	-	-	19,608,137	24,323,023
Health and social services	815,251	967,936	-	-	815,251	967,936
Culture and recreation	13,653,509	12,993,331	-	-	13,653,509	12,993,331
Community and economic development	18,096,170	15,464,781	-	-	18,096,170	15,464,781
General government	8,982,668	4,101,423	-	-	8,982,668	4,101,423
Interest on long-term debt	3,467,685	2,963,134	5,355,525	-	8,823,210	2,963,134
Sewage disposal works	-	-	9,442,558	12,817,669	9,442,558	12,817,669
Water utility	-	-	5,928,941	6,483,229	5,928,941	6,483,229
Stormwater utility	-	-	4,067,374	5,021,523	4,067,374	5,021,523
Parking facilities	-	-	3,126,823	3,420,296	3,126,823	3,420,296
America's River Project	-	-	22,893	21,521	22,893	21,521
Refuse collection	-	-	4,202,796	3,968,761	4,202,796	3,968,761
Transit system	-	-	4,237,054	4,274,967	4,237,054	4,274,967
Salt	-	-	45,039	181,617	45,039	181,617
Total expenses	<u>94,643,763</u>	<u>87,665,252</u>	<u>36,429,003</u>	<u>36,189,583</u>	<u>131,072,766</u>	<u>123,854,835</u>
Increase (decrease) in net position before extraordinary item and transfers	13,131,792	23,889,936	12,808,160	5,547,818	25,939,952	29,437,754
Transfers	(1,071,163)	(979,900)	1,071,163	979,900	-	-
Increase (decrease) in net position	12,060,629	22,910,036	13,879,323	6,527,718	25,939,952	29,437,754
Net position, beginning	343,551,374	320,641,338	158,242,579	151,714,861	501,793,953	472,356,199
Net position, ending	<u>\$ 355,612,003</u>	<u>\$ 343,551,374</u>	<u>\$ 172,121,902</u>	<u>\$ 158,242,579</u>	<u>\$ 527,733,905</u>	<u>\$ 501,793,953</u>

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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

The City's governmental funds reported a combined fund balance of \$55,400,948 at June 30, 2017. \$6,461,116 is in nonspendable for inventory, advances to other funds, receivables, and prepaid items. \$69,412 is nonspendable endowment corpus. \$28,105,605 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 \$6,592,154 for capital improvements. \$1,590,065 is assigned for capital improvements and equipment. This leaves \$12,582,596 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 \$1,785,245 to \$19,760,541. Gaming revenues decreased \$341,837 or (4.1)% in fiscal year 2017. Tax revenues increased \$2.5 million and there were increases in licenses and permits, fines and forfeits, investment earnings and miscellaneous. There was an increase of expenditures of \$6.9M in the governmental activities. \$3.1M of this was in relation to a pension expense increase over the prior year related net pension liability, deferred outflows and deferred inflows. \$1.9M of the increase was in relation to increased expenses in Section 8 and Lead Paint, which in turn was covered by an increase in related grant revenue. General governmental saw an increase in expenses in relation to the funding of the Bus Storage facility. This is a transit asset that is being partially funded through TIF revenues.

The fund balance of special revenue fund Tax Increment Financing increased slightly by \$31,639 to \$7,355,920. Tax revenues increased by \$1.8M, offset by an increase in TIF rebates given and a decrease in investment revenue due to a drop in market value as compared to prior year.

***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, 2017, totaled \$172,121,902 of which the unrestricted is \$3,876,760.

The net position of the Internal Service Funds increased by \$201,638 to \$665,029. The Health Insurance Reserve Fund decreased \$454,744 and the General Services increased \$612,800. Workmen's Comp experienced \$813,196 more expenses in 2017 as compared to 2016. The unrestricted net position of the Internal Service Funds is \$499,972.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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The Sewer Fund had a decrease by \$846,848 for total net position of \$26,506,068. 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 \$8.7 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 \$2,449,289 for total net position of \$27,261,925. Water rates were increased 3% in 2017.

The Storm Water Utility had a 17.5% increase in net position of \$8,239,469. Ending net position is \$55,159,049. \$2.8 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 2017.

The Parking Facilities had a increase in net position of \$27,890. Ending net position is \$47,755,020. Revenues increased \$39,564. Depreciation expense also increased \$156,499 over fiscal year 2016 as this was the first year the parking ramp at the Intermodal Center was depreciated.

Other Enterprise Funds net position increased by \$4,009,523 to \$15,439,840. This was primarily due to Transit's increase of \$3,984,066 in net position due to a contribution of assets from governmental funds along with receiving grant dollars for building of the new bus garage.

Health Insurance Reserve decreased in fiscal year 2017 by \$454,744. Revenues decreased by \$978,457 and claims increased 1% over 2016.

Workmen's Comp Reserve net position decreased by \$63,766. The fund saw an increase in both actual claims paid and claims payable accounting for the increase.

## **BUDGETARY HIGHLIGHTS**

There were two amendments to the City's 2016-2017 cash basis budget. The first amendment was passed in September 2016 to reflect operating and capital budget carryovers (continuing appropriation authority) from fiscal year 2016 and amended the fiscal year 2016 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in March 2017 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 \$42,049,710. 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 \$98,730,453 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, 2017**

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Actual cash basis revenues were \$45,264,235 less than the final amended budget; and, cash basis expenditures were \$92,374,940 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, 2017, amounts to \$752,140,861 (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	
	2017	2016	2017	2016	2017	2016
Land	\$ 80,134,817	\$ 79,762,721	\$ 24,185,903	\$ 23,070,018	\$ 104,320,720	\$ 102,832,739
Buildings	140,998,926	140,451,997	152,109,778	151,445,382	293,108,704	291,897,379
Improvements other than buildings	23,874,592	23,764,449	161,541,265	142,579,440	185,415,857	166,343,889
Machinery and equipment	47,225,119	46,318,972	110,364,436	103,872,339	157,589,555	150,191,311
Infrastructure	231,930,452	227,944,685	-	-	231,930,452	227,944,685
Construction in progress	44,673,968	38,114,214	6,507,415	1,888,488	51,181,383	40,002,702
Accumulated depreciation	(152,278,406)	(144,424,923)	(119,127,404)	(110,829,492)	(271,405,810)	(255,254,415)
	<u>\$ 416,559,468</u>	<u>\$ 411,932,115</u>	<u>\$ 335,581,393</u>	<u>\$ 312,026,175</u>	<u>\$ 752,140,861</u>	<u>\$ 723,958,290</u>

Major expenditures during 2016-2017 were for the construction work on the Bus Garage, SouthWest Arterial construction, Green Alley projects, Grandview/Delhi Roundabout and Bee Branch storm water projects.

***Long-term debt.*** At year end, the City had \$273,287,607 of debt outstanding. During fiscal year 2017, the City issued \$20,360,000 of general obligation bonds, \$20,130,000 of which was used for refunding. The City refunded \$20,495,000 of general obligation bonds. The refunding was undertaken to reduce total debt service payments. The results of the transaction is a reduction of \$1,326,119 in future debt service payments for an economic gain of \$1,148,511

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 (SRF). The City issued an additional \$7,388,799 of SRF debt in 2017 as part of the Bee Branch Stormwater construction project and \$2,150,596 for green alley projects reducing stormwater runoff. The City has pledged income derived from the acquired or constructed assets to pay debt service.

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 \$207,174,109. With \$143,800,280 of debt applicable against the capacity, the City is utilizing 69.41% 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, 2017**

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**ECONOMIC FACTORS**

The City's unemployment rate as of October, 2017 was 2.1%, down from 2.9% in October, 2016. The national average was 4.1% for October 2017, according to the Bureau of Labor Statistics. State of Iowa was 3.0% as reported in October, 2017.

The assessed valuation of taxable property, net of exemptions, increased by 5.7% to \$2,652,700,000. In fiscal year 2017, the minimum monthly refuse rate increased from \$13.90 to \$14.77, sewer and water rates increased 3%, and the storm water monthly fee increased from \$6.38 to \$6.81 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  
Fiscal Year Ended June 30, 2017  
City of Dubuque, Iowa**

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Dubuque	Dubuque Initiatives and Subsidiaries	Dubuque Convention and Visitors Bureau
				Metropolitan Area Solid Waste Agency		
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and pooled cash investments	\$ 36,488,262	\$ 15,478,972	\$ 51,967,234	\$ 2,837,257	\$ 1,115,051	\$ 3,458
Receivables						
Property tax						
Delinquent	353,651	-	353,651	-	-	-
Succeeding year	25,863,049	-	25,863,049	-	-	-
Accounts and other	1,734,811	3,304,135	5,038,946	440,634	206,207	23,235
Special assessments	811,635	-	811,635	-	-	-
Accrued interest	111,217	27,886	139,103	28,436	-	-
Notes	521,437	-	521,437	-	28,776	-
Intergovernmental	8,225,765	4,167,168	12,392,933	5,158	-	-
Internal balances	2,887	(2,887)	-	-	-	-
Inventories	750,667	906,305	1,656,972	-	133,347	7,899
Prepaid items	848,186	50,866	899,052	10,570	-	-
Total Current Assets	<u>75,711,567</u>	<u>23,932,445</u>	<u>99,644,012</u>	<u>3,322,055</u>	<u>1,483,381</u>	<u>34,592</u>
<b>NONCURRENT ASSETS</b>						
Expendable restricted cash & investments	9,441,722	17,938,434	27,380,156	10,097,226	1,217,509	31,396
Nonexpendable restricted cash and investments	69,412	-	69,412	-	-	-
Notes receivable	11,352,535	-	11,352,535	-	207,230	-
Capital assets						
Land	80,134,817	24,185,903	104,320,720	2,952,666	117,723	-
Buildings	140,998,926	152,109,778	293,108,704	106,495	45,549,283	-
Improvements other than buildings	23,874,592	161,541,265	185,415,857	13,668,654	-	-
Machinery and equipment	47,225,119	110,364,436	157,589,555	4,140,006	23,107	293,828
Infrastructure	231,930,452	-	231,930,452	-	-	-
Construction in progress	44,673,968	6,507,415	51,181,383	1,188,804	-	-
Accumulated depreciation	<u>(152,278,406)</u>	<u>(119,127,404)</u>	<u>(271,405,810)</u>	<u>(9,819,859)</u>	<u>(7,883,051)</u>	<u>-</u>
Total Noncurrent Assets	<u>437,423,137</u>	<u>353,519,827</u>	<u>790,942,964</u>	<u>22,333,992</u>	<u>39,231,801</u>	<u>325,224</u>
Total Assets	<u>513,134,704</u>	<u>377,452,272</u>	<u>890,586,976</u>	<u>25,656,047</u>	<u>40,715,182</u>	<u>359,816</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension Related deferred outflows	<u>15,400,630</u>	<u>1,560,905</u>	<u>16,961,535</u>	<u>161,696</u>	<u>-</u>	<u>-</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION (continued)**  
**JUNE 30, 2017**

**EXHIBIT 1**

	Primary Government			Component Units					
	Governmental Activities	Business-type Activities	Total	Dubuque	Dubuque	Dubuque			
				Metropolitan Area Solid Waste Agency	Initiatives and Subsidiaries	Convention and Visitors Bureau			
<b>LIABILITIES</b>									
<b>CURRENT LIABILITIES</b>									
Accounts payable	\$ 7,206,023	\$ 4,342,853	\$ 11,548,876	\$ 538,537	\$ 46,477	\$ 160,992			
Accrued payroll	1,542,879	290,127	1,833,006	27,130	-	-			
Loans payable	68,000	1,028,074	1,096,074	-	-	93,071			
Notes payable	195,880	3,725,800	3,921,680	-	433,504	-			
General obligation bonds payable	5,241,016	2,408,985	7,650,001	395,000	-	-			
Revenue bonds payable	-	305,000	305,000	-	-	-			
Tax increment financing bonds payable	475,000	-	475,000	-	-	-			
Accrued compensated absences	443,005	55,849	498,854	2,840	-	-			
Accrued interest payable	280,653	553,409	834,062	22,713	492,080	-			
Intergovernmental payable	5,726	-	5,726	74,954	-	-			
Unearned revenue	444,160	-	444,160	-	-	-			
Total Current Liabilities	<u>15,902,342</u>	<u>12,710,097</u>	<u>28,612,439</u>	<u>1,061,174</u>	<u>972,061</u>	<u>254,063</u>			
<b>NONCURRENT LIABILITIES</b>									
Loans payable	4,582,000	4,181,828	8,763,828	-	-	53,862			
Notes payable	255,883	106,788,144	107,044,027	-	5,207,974	-			
General obligation bonds payable	48,559,703	42,078,038	90,637,741	8,973,243	-	-			
Revenue bonds payable	-	33,535,566	33,535,566	-	-	-			
Landfill closure and postclosure care	-	-	-	3,705,392	-	-			
Tax increment financing bonds payable	19,858,690	-	19,858,690	-	-	-			
Accrued compensated absences	5,047,838	710,447	5,758,285	235,695	-	-			
Net pension liability	46,800,991	5,740,059	52,541,050	594,618	-	-			
Net OPEB Liability	4,190,697	919,105	5,109,802	98,767	-	-			
Total Noncurrent Liabilities	<u>129,295,802</u>	<u>193,953,187</u>	<u>323,248,989</u>	<u>13,607,715</u>	<u>5,207,974</u>	<u>53,862</u>			
Total Liabilities	<u>145,198,144</u>	<u>206,663,284</u>	<u>351,861,428</u>	<u>14,668,889</u>	<u>6,180,035</u>	<u>307,925</u>			
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Pension related deferred inflows	1,576,645	227,991	1,804,636	23,618	-	-			
Succeeding year property tax	25,863,049	-	25,863,049	-	-	-			
Deferred amount on refunding	285,493	-	285,493	-	-	-			
Total deferred inflows of resources	<u>27,725,187</u>	<u>227,991</u>	<u>27,953,178</u>	<u>23,618</u>	<u>-</u>	<u>-</u>			
<b>NET POSITION</b>									
Net investment in capital assets	375,578,520	164,448,390	540,026,910	8,422,353	37,571,056	293,828			
Restricted for/by:									
Bond ordinance development agreement	2,140,740	3,796,752	5,937,492	-	-	-			
Debt service	250,724	-	250,724	-	-	-			
Employee benefits	35,104	-	35,104	-	-	-			
Community development	8,984,184	-	8,984,184	-	-	-			
Iowa Finance Authority Trust	295,667	-	295,667	-	-	-			
Capital projects	10,251,141	-	10,251,141	-	-	-			
Franchise agreement	569,299	-	569,299	-	-	-			
Endowments, expendable	121,401	-	121,401	-	-	1,887			
Endowments, nonexpendable	69,412	-	69,412	-	-	-			
Other	1,237,440	-	1,237,440	-	-	-			
State statute	-	-	-	85,556	-	-			
Landfill closure & post closure care	-	-	-	752,448	-	-			
Minority interest	-	-	-	423,828	-	-			
Unrestricted	<u>(43,921,629)</u>	<u>3,876,760</u>	<u>(40,044,869)</u>	<u>1,441,051</u>	<u>(3,035,909)</u>	<u>(243,824)</u>			
Total Net Position	<u>\$ 355,612,003</u>	<u>\$ 172,121,902</u>	<u>\$ 527,733,905</u>	<u>\$ 11,125,236</u>	<u>\$ 34,535,147</u>	<u>\$ 51,891</u>			

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**EXHIBIT 2**

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Units		
						Primary Government					
	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
<b>Primary government</b>											
Governmental Activities:											
Public safety	\$ 30,020,343	\$ 2,930,068	\$ 1,088,098	\$ 7,254	\$ 4,025,420	\$ (25,994,923)	\$ -	\$ (25,994,923)			
Public works	19,608,137	5,681,107	5,112,720	11,730,537	22,524,364	2,916,227	-	2,916,227			
Health and social services	815,251	125,016	13,278	-	138,294	(676,957)	-	(676,957)			
Culture and recreation	13,653,509	2,767,636	363,450	234,653	3,365,739	(10,287,770)	-	(10,287,770)			
Community and economic development	18,096,170	779,456	8,019,748	1,366,646	10,165,850	(7,930,320)	-	(7,930,320)			
General government	8,982,668	2,636,733	431,233	21,190	3,089,156	(5,893,512)	-	(5,893,512)			
Interest on long-term debt	3,467,685	-	-	-	-	(3,467,685)	-	(3,467,685)			
Total governmental activities	94,643,763	14,920,016	15,028,527	13,360,280	43,308,823	(51,334,940)	-	(51,334,940)			
Business-type activities											
Interest on long-term debt	5,355,525	-	-	-	-	-	(5,355,525)	(5,355,525)			
Sewage disposal works	9,442,558	12,442,584	14,868	1,014,870	13,472,322	-	4,029,764	4,029,764			
Water utility	5,928,941	8,553,225	-	793,491	9,346,716	-	3,417,775	3,417,775			
Stormwater utility	4,067,374	4,076,396	14,106	6,757,336	10,847,838	-	6,780,464	6,780,464			
Parking facilities	3,126,823	3,286,947	187,848	635,427	4,110,222	-	983,399	983,399			
America's River Project	22,893	4	-	-	4	-	(22,889)	(22,889)			
Refuse collection	4,202,796	4,185,051	-	-	4,185,051	-	(17,745)	(17,745)			
Transit system	4,237,054	459,258	1,483,349	4,959,696	6,902,303	-	2,665,249	2,665,249			
Salt	45,039	86,887	-	-	86,887	-	41,848	41,848			
Total business-type activities	36,429,003	33,090,352	1,700,171	14,160,820	48,951,343	-	12,522,340	12,522,340			
Total primary government	\$ 131,072,766	\$ 48,010,368	\$ 16,728,698	\$ 27,521,100	\$ 92,260,166	\$ (51,334,940)	\$ 12,522,340	\$ (38,812,600)			
<b>Component units</b>											
Dubuque Metropolitan Area Solid Waste Agency	\$ 4,733,425	\$ 5,217,019	\$ -	\$ 13,703	\$ 5,230,722		\$ 497,297	\$ -	\$ -	\$ -	
Dubuque Initiatives and Subsidiaries	4,266,682	3,032,724	-	-	3,032,724		-	(1,233,958)	-	-	
Dubuque Convention and Visitors Bureau	1,281,637	1,214,679	-	80,300	1,294,979		-	-	-	-	13,342
Total Component Units	\$ 10,281,744	\$ 9,464,422	\$ -	\$ 94,003	\$ 9,558,425		\$ 497,297	\$ (1,233,958)	\$ -	\$ -	13,342
General revenues											
Property taxes					39,678,473	-	39,678,473	-	-	-	-
Local option sales tax					8,890,046	-	8,890,046	-	-	-	-
Hotel motel tax					2,821,745	-	2,821,745	-	-	-	-
Utility franchise fees					4,558,847	-	4,558,847	-	-	-	-
Gaming					8,098,324	-	8,098,324	-	-	-	-
Unrestricted investment earnings					335,577	231,746	567,323	68,039	502,572	158	
Gain on disposal of capital assets					83,720	54,074	137,794	-	-	-	
Transfers					(1,071,163)	1,071,163	-	-	-	-	
Special items					-	-	-	-	10,002,573	-	
Total general revenues, transfers and special items					63,395,569	1,356,983	64,752,552	68,039	10,505,145	158	
Change in Net Position					12,060,629	13,879,323	25,939,952	565,336	9,271,187	13,500	
Net position, beginning of year					343,551,374	158,242,579	501,793,953	10,559,900	25,263,960	38,391	
Net position, ending of year					\$ 355,612,003	\$ 172,121,902	\$ 527,733,905	\$ 11,125,236	\$ 34,535,147	\$ 51,891	

See notes to financial statements

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**CITY OF DUBUQUE, IOWA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

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	Special Revenue		
	General	Tax Increment Financing	
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 13,645,812	\$ 4,686,666	
Receivables			
Property tax	161,286	146,263	
Delinquent	21,151,903	-	
Succeeding year	1,467,148	-	
Accounts and other	13,714	-	
Special assessments	40,060	39,476	
Accrued interest	5,036,975	289,800	
Notes	1,345,045	-	
Intergovernmental	627,079	-	
Due from other funds	198,544	-	
Inventories	350,153	-	
Prepaid items	825,459	2,254,448	
Restricted cash and pooled cash investments			
Total Assets	\$ 44,863,178	\$ 7,416,653	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,799,873	\$ 60,733	
Accrued payroll	1,394,889	-	
Intergovernmental payable	-	-	
Due to other funds	-	-	
Unearned revenue	438,074	-	
Total Liabilities	\$ 3,632,836	\$ 60,733	
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable revenues			
Succeeding year property tax	21,151,903	-	
Special assessments	13,714	-	
Grants	182,061	-	
Other	122,123	-	
Total Deferred Inflows of Resources	\$ 21,469,801	\$ -	
<b>FUND BALANCES</b>			
Nonspendable			
Endowment corpus	-	-	
Inventory	198,544	-	
Long-term notes receivable	5,036,975	-	
Prepaid items	350,153	-	
Restricted			
Endowments	-	-	
Library	-	-	
Police	-	-	
Debt service	-	-	
Bond ordinance	-	2,140,740	
Capital improvements	-	5,215,180	
Franchise agreement	-	-	
Special assessments	-	-	
Claims	2,208	-	
Iowa Finance Authority Trust	-	-	
Community programs	-	-	
Employee benefits	-	-	
Committed, capital improvements	-	-	
Assigned			
DRA gaming and distribution	1,590,065	-	
Unassigned			
Total Fund Balances	\$ 12,582,596	\$ 7,355,920	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 19,760,541	\$ 7,416,653	

See notes to financial statements.

Debt Service	Other Governmental Funds	Total
\$ 248,335	\$ 14,324,047	\$ 32,904,860
2,682	43,420	353,651
220,507	4,490,639	25,863,049
-	207,064	1,674,212
-	797,921	811,635
212	28,635	108,383
-	6,547,197	11,873,972
-	6,880,720	8,225,765
-	-	627,079
-	474,919	673,463
-	400,525	750,678
-	6,431,227	9,511,134
<u>\$ 471,736</u>	<u>\$ 40,626,314</u>	<u>\$ 93,377,881</u>

\$ -	\$ 3,494,760	\$ 5,355,366
-	117,853	1,512,742
-	5,726	5,726
-	585,180	585,180
-	6,085	444,159
<u>-</u>	<u>4,209,604</u>	<u>7,903,173</u>

220,507	4,490,639	25,863,049
-	764,034	777,748
-	3,033,139	3,215,200
505	95,135	217,763
<u>221,012</u>	<u>8,382,947</u>	<u>30,073,760</u>

-	69,412	69,412
-	474,919	673,463
-	-	5,036,975
-	400,525	750,678
-	100,431	100,431
-	1,201,345	1,201,345
-	20,970	20,970
250,724	-	250,724
-	-	2,140,740
-	9,255,866	14,471,046
-	569,299	569,299
-	33,887	33,887
-	-	2,208
-	295,667	295,667
-	8,984,184	8,984,184
-	35,104	35,104
-	6,592,154	6,592,154
-	-	1,590,065
-	-	12,582,596
<u>250,724</u>	<u>28,033,763</u>	<u>55,400,948</u>
<u>\$ 471,736</u>	<u>\$ 40,626,314</u>	<u>\$ 93,377,881</u>

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**CITY OF DUBUQUE, IOWA****RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017****EXHIBIT 3-1**

Total fund balances - governmental funds \$ 55,400,948

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	\$ 568,513,626
Accumulated depreciation	<u>(152,119,215)</u>
	416,394,411

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	40,397
Special assessments	777,748
Other	<u>3,392,565</u>
	4,210,710

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	(1,504,129)
Deferred outflows of resources	<u>14,904,161</u>
	13,400,032

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.

665,029

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	(53,800,719)
Tax increment financing bonds	(20,333,690)
Notes payable	(451,763)
Loans payable	(4,650,000)
Deferred amount on debt refundings	(285,493)
Accrued interest	(280,653)
Compensated absences	(5,490,843)
Net pension liability	(44,975,269)
Net OPEB liability	<u>(4,190,697)</u>
	(134,459,127)

Net position of governmental activities \$ 355,612,003

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, 2017**

---

	Special Revenue		
	General	Tax Increment Financing	
			Special Revenue
<b>REVENUES</b>			
Taxes	\$ 33,380,659	\$ 12,136,422	
Special assessments	-	-	
Licenses and permits	1,505,564	-	
Intergovernmental	1,609,247	-	
Charges for services	10,549,404	-	
Fines and forfeits	484,687	-	
Investment earnings	338,487	(195,753)	
Contributions	422,751	123,625	
Gaming	8,098,324	-	
Miscellaneous	731,788	-	
Total Revenues	57,120,911	12,064,294	
<b>EXPENDITURES</b>			
Current			
Public safety	29,090,658	-	
Public works	6,351,236	-	
Health and social services	857,739	-	
Culture and recreation	12,022,076	-	
Community and economic development	3,787,854	3,624,251	
General government	6,779,764	-	
Debt service			
Principal	-	-	
Interest and fiscal charges	-	3,007	
Capital projects	-	13,233	
Total Expenditures	58,889,327	3,640,491	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,768,416)	8,423,803	
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	
Issuance of refunding bonds	-	-	
Premium on bonds	-	-	
Premium on refunding bonds	-	-	
Transfers in	6,529,026	546,245	
Transfers out	(3,115,855)	(8,938,409)	
Insurance recovery	15,033	-	
Sale of capital assets	125,457	-	
Total Other Financing Sources (Uses)	3,553,661	(8,392,164)	
<b>NET CHANGE IN FUND BALANCES</b>	1,785,245	31,639	
<b>FUND BALANCES, BEGINNING</b>	17,975,296	7,324,281	
<b>FUND BALANCES, ENDING</b>	\$ 19,760,541	\$ 7,355,920	

See notes to financial statements.

Debt Service	Other Governmental Funds	Total
\$ 324,881	\$ 10,107,149	\$ 55,949,111
-	261,233	261,233
-	-	1,505,564
43,802	24,661,248	26,314,297
-	266,621	10,816,025
-	-	484,687
19,298	173,545	335,577
-	142,861	689,237
-	-	8,098,324
-	1,079,893	1,811,681
<u>387,981</u>	<u>36,692,550</u>	<u>106,265,736</u>
-	64,470	29,155,128
-	5,377,480	11,728,716
-	10,541	868,280
-	375,218	12,397,294
117,379	8,945,069	16,474,553
-	507,822	7,287,586
17,615,698	-	17,615,698
3,576,800	-	3,579,807
<u>-</u>	<u>16,247,618</u>	<u>16,260,851</u>
<u>21,309,877</u>	<u>31,528,218</u>	<u>115,367,913</u>
(20,921,896)	5,164,332	(9,102,177)
-	230,000	230,000
11,023,700	-	11,023,700
-	5,298	5,298
314,086	-	314,086
9,609,837	2,129,478	18,814,586
-	(7,862,955)	(19,917,219)
-	26,312	41,345
-	253,404	378,861
<u>20,947,623</u>	<u>(5,218,463)</u>	<u>10,890,657</u>
25,727	(54,131)	1,788,480
224,997	28,087,894	53,612,468
<u>\$ 250,724</u>	<u>\$ 28,033,763</u>	<u>\$ 55,400,948</u>

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# 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, 2017

## EXHIBIT 4-1

Net change in fund balances - total governmental funds \$ 1,788,480  
 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	\$ 14,171,483
Transfers of capital assets to enterprise funds	(1,712,339)
Contributions from developers and federal government	2,599,996
Depreciation expense	<u>(10,099,992)</u>
	4,959,148

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. (295,140)

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	3,886
Special assessments	132,021
Other	<u>(1,521,318)</u>
	(1,385,411)

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

Debt issuances including premium	(11,573,083)
Debt repayments	<u>17,615,698</u>
	6,042,615

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These items consist of:

Decrease in accrued interest	69,200
Amortization of bond discount/premium	328,415
Decrease in compensated absences	415,261
Deferred amount on debt refundings	(285,493)
Accounts payable WCS lawsuit	1,595,715
Pension adjustment	(992,960)
Increase in net OPEB liability	<u>(380,839)</u>
Total additional expenses	749,299

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

Change in net position of governmental activities	\$ 201,638
	<u>12,060,629</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

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**Business-type Activities-Enterprise Funds**

	<b>Sewage Disposal Works</b>	<b>Water Utility</b>	<b>Stormwater Utility</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash investments	\$ 4,741,992	\$ 5,382,777	\$ 2,917,455
Receivables			
Accounts	1,319,930	942,956	428,610
Accrued interest	5,327	6,974	13,924
Intergovernmental	-	-	1,813,375
Prepaid items	15,821	420	24,723
Inventories	141,618	764,687	-
Total Current Assets	6,224,688	7,097,814	5,198,087
<b>NONCURRENT ASSETS</b>			
Restricted cash and pooled cash investments	1,483,826	2,767,778	13,356,624
Capital assets			
Land	193,238	209,244	20,987,529
Buildings	72,269,461	10,165,805	-
Improvements to other than buildings	47,821,452	1,807,167	107,050,905
Machinery and equipment	39,532,532	58,398,709	1,116,413
Construction in progress	657,133	1,262,945	246,580
Accumulated depreciation	(56,597,042)	(25,880,662)	(13,749,616)
Net Capital Assets	103,876,774	45,963,208	115,651,811
Total Noncurrent Assets	105,360,600	48,730,986	129,008,435
Total Assets	111,585,288	55,828,800	134,206,522
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	304,720	386,891	98,478

Business-type Activities-Enterprise Funds

Parking Facilities	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 684,357	\$ 1,752,391	\$ 15,478,972	\$ 3,583,402
217,077	395,562	3,304,135	60,599
868	793	27,886	2,834
-	2,353,793	4,167,168	-
-	9,902	50,866	97,508
-	-	906,305	77,204
<u>902,302</u>	<u>4,512,441</u>	<u>23,935,332</u>	<u>3,821,547</u>
330,206	-	17,938,434	-
2,759,892	36,000	24,185,903	-
62,337,568	7,336,944	152,109,778	-
3,379,337	1,482,404	161,541,265	-
2,794,827	8,521,955	110,364,436	324,248
-	4,340,757	6,507,415	-
(16,106,109)	(6,793,975)	(119,127,404)	(159,191)
<u>55,165,515</u>	<u>14,924,085</u>	<u>335,581,393</u>	<u>165,057</u>
<u>55,495,721</u>	<u>14,924,085</u>	<u>353,519,827</u>	<u>165,057</u>
<u>56,398,023</u>	<u>19,436,526</u>	<u>377,455,159</u>	<u>3,986,604</u>
<u>110,796</u>	<u>660,020</u>	<u>1,560,905</u>	<u>496,469</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

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**Business-type Activities-Enterprise Funds**

	<b>Sewage Disposal Works</b>	<b>Water Utility</b>	<b>Stormwater Utility</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 1,538,629	\$ 294,871	\$ 1,133,117
Accrued payroll	55,261	70,937	19,017
Loans payable - current	-	1,000,000	-
General obligation bonds payable	571,978	221,031	909,155
Revenue bonds payable	-	305,000	-
Capital loan notes payable	2,707,000	183,000	835,800
Accrued compensated absences	19,265	18,546	-
Accrued interest payable	149,653	221,422	158,146
Due to other funds	-	-	-
Total Current Liabilities	5,041,786	2,314,807	3,055,235
<b>NONCURRENT LIABILITIES</b>			
Loans payable	-	4,000,000	-
General obligation bonds payable	11,025,124	12,986,735	10,734,898
Revenue bonds payable	-	4,827,461	28,708,105
Capital loan notes payable	67,771,676	2,811,000	36,205,468
Accrued compensated absences	148,963	277,505	10,523
Net pension liability	1,120,579	1,422,754	362,140
Net OPEB Liability	231,304	256,994	55,198
Total Noncurrent Liabilities	80,297,646	26,582,449	76,076,332
Total Liabilities	85,339,432	28,897,256	79,131,567
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows	44,508	56,510	14,384
<b>NET POSITION</b>			
Net investment in capital assets	31,976,890	21,914,804	48,715,099
Restricted by bond ordinance/development agreement	-	566,638	2,899,908
Unrestricted	(5,470,822)	4,780,483	3,544,042
Total Net Position	\$ 26,506,068	\$ 27,261,925	\$ 55,159,049

See notes to financial statements.

Business-type Activities-Enterprise Funds

Parking Facilities	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 5,267	\$ 1,370,969	\$ 4,342,853	\$ 1,850,657
18,703	126,209	290,127	30,137
28,074	-	1,028,074	-
702,072	4,749	2,408,985	-
-	-	305,000	-
-	-	3,725,800	-
12,811	5,227	55,849	-
21,436	2,752	553,409	-
-	2,887	2,887	39,012
<u>788,363</u>	<u>1,512,793</u>	<u>12,712,984</u>	<u>1,919,806</u>
 181,828	 -	 4,181,828	 -
7,254,680	76,601	42,078,038	-
-	-	33,535,566	-
-	-	106,788,144	-
20,798	252,658	710,447	-
407,436	2,427,150	5,740,059	1,825,722
84,510	291,099	919,105	-
<u>7,949,252</u>	<u>3,047,508</u>	<u>193,953,187</u>	<u>1,825,722</u>
<u>8,737,615</u>	<u>4,560,301</u>	<u>206,666,171</u>	<u>3,745,528</u>
 16,184	 96,405	 227,991	 72,516
 46,998,862	 14,842,735	 164,448,390	 165,057
 330,206	 -	 3,796,752	 -
 425,952	 597,105	 3,876,760	 499,972
<u>\$ 47,755,020</u>	<u>\$ 15,439,840</u>	<u>\$ 172,121,902</u>	<u>\$ 665,029</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

---

**Business-type Activities-Enterprise Funds**

	<b>Sewage Disposal Works</b>	<b>Water Utility</b>	<b>Stormwater Utility</b>
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 12,374,927	\$ 8,531,634	\$ 4,049,393
Other	67,657	21,591	27,003
<b>Total Operating Revenues</b>	<b>12,442,584</b>	<b>8,553,225</b>	<b>4,076,396</b>
<b>OPERATING EXPENSES</b>			
Employee expense	3,309,493	2,448,296	1,824,935
Utilities	462,841	585,726	18,213
Repairs and maintenance	631,814	190,646	57,888
Supplies and services	1,572,934	1,359,229	674,944
Insurance	105,012	94,602	24,780
Depreciation	3,360,464	1,250,442	1,466,614
<b>Total Operating Expenses</b>	<b>9,442,558</b>	<b>5,928,941</b>	<b>4,067,374</b>
<b>OPERATING INCOME (LOSS)</b>	<b>3,000,026</b>	<b>2,624,284</b>	<b>9,022</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	-	-	14,106
Investment earnings	32,353	35,767	147,876
Contributions	14,868	-	-
Interest expense	(1,884,103)	(878,276)	(2,166,641)
Gain on disposal of assets	2,251	1,359	40,000
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(1,834,631)</b>	<b>(841,150)</b>	<b>(1,964,659)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>1,165,395</b>	<b>1,783,134</b>	<b>(1,955,637)</b>
<b>CAPITAL CONTRIBUTIONS</b>			
TRANSFERS IN	1,014,870	793,491	6,757,336
TRANSFERS OUT	-	15,548	3,437,770
<b>CHANGE IN NET POSITION</b>	<b>(3,027,113)</b>	<b>(142,884)</b>	<b>-</b>
<b>NET POSITION, BEGINNING</b>	<b>27,352,916</b>	<b>24,812,636</b>	<b>46,919,580</b>
<b>NET POSITION, ENDING</b>	<b>\$ 26,506,068</b>	<b>\$ 27,261,925</b>	<b>\$ 55,159,049</b>

See notes to financial statements.

Business-type Activities-Enterprise Funds

Parking Facilities	Other Enterprise Funds	Total	Governmental Activities-Internal Service Funds
\$ 2,965,100	\$ 4,650,131	\$ 32,571,185	\$ 16,766,988
321,847	81,069	519,167	118,248
<u>3,286,947</u>	<u>4,731,200</u>	<u>33,090,352</u>	<u>16,885,236</u>
844,251	5,301,206	13,728,181	2,787,383
257,022	106,904	1,430,706	32,005
353,546	833,192	2,067,086	48,959
335,946	1,124,220	5,067,273	13,666,008
79,749	68,178	372,321	146,956
<u>1,256,309</u>	<u>1,074,082</u>	<u>8,407,911</u>	<u>36,655</u>
3,126,823	8,507,782	31,073,478	16,717,966
<u>160,124</u>	<u>(3,776,582)</u>	<u>2,016,874</u>	<u>167,270</u>
112,734	1,393,388	1,520,228	-
11,769	3,981	231,746	-
75,114	89,961	179,943	-
(421,033)	(5,472)	(5,355,525)	-
<u>-</u>	<u>10,464</u>	<u>54,074</u>	<u>2,898</u>
<u>(221,416)</u>	<u>1,492,322</u>	<u>(3,369,534)</u>	<u>2,898</u>
(61,292)	(2,284,260)	(1,352,660)	170,168
635,427	4,959,696	14,160,820	-
<u>-</u>	<u>1,334,087</u>	<u>4,787,405</u>	<u>31,470</u>
<u>(546,245)</u>	<u>-</u>	<u>(3,716,242)</u>	<u>-</u>
27,890	4,009,523	13,879,323	201,638
47,727,130	11,430,317	158,242,579	463,391
<u>\$ 47,755,020</u>	<u>\$ 15,439,840</u>	<u>\$ 172,121,902</u>	<u>\$ 665,029</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Business-type Activities-Enterprise Funds			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 12,249,411	\$ 8,426,020	\$ 3,990,210	\$ 2,935,022
Cash payments to suppliers for goods and services	(3,435,646)	(2,505,698)	(4,206,853)	(1,022,556)
Cash payments to employees for services	(3,441,837)	(2,447,445)	(1,721,025)	(900,360)
Other operating receipts	67,657	21,591	27,003	321,847
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>5,439,585</b>	<b>3,494,468</b>	<b>(1,910,665)</b>	<b>1,333,953</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	15,548	3,437,770	-
Transfers to other funds	(3,027,113)	(142,884)	-	(546,245)
Proceeds from interfund balances	-	-	-	-
Payment of interfund balances	-	-	(549,974)	-
Intergovernmental grant proceeds	-	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<b>(3,027,113)</b>	<b>(127,336)</b>	<b>2,887,796</b>	<b>(546,245)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	2,251	1,359	40,000	-
Acquisition and construction of capital assets	(2,027,224)	(2,794,620)	(16,793,941)	(1,006,586)
Proceeds from issuance of debt	2,802,754	-	9,401,003	6,388,879
Premium on debt issuance	21,006	-	64,814	201,683
Payment of debt	(3,742,470)	(876,595)	(3,307,354)	(7,260,459)
Interest paid	(1,881,718)	(729,399)	(2,225,986)	(393,234)
Contributions	1,029,738	793,491	6,757,336	710,541
Intergovernmental grant proceeds	-	-	720,828	112,734
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(3,795,663)</b>	<b>(3,605,764)</b>	<b>(5,343,300)</b>	<b>(1,246,442)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	34,974	38,394	133,952	13,296
<b>NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS</b>	<b>(1,348,217)</b>	<b>(200,238)</b>	<b>(4,232,217)</b>	<b>(445,438)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>7,574,035</b>	<b>8,350,793</b>	<b>20,506,296</b>	<b>1,460,001</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 6,225,818</b>	<b>\$ 8,150,555</b>	<b>\$ 16,274,079</b>	<b>\$ 1,014,563</b>

**EXHIBIT 7**

Business-type Activities-Enterprise Funds		
Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 4,605,766	\$ 32,206,429	\$ 16,792,338
(1,577,476)	(12,748,229)	(13,911,331)
(5,238,164)	(13,748,831)	(3,011,539)
81,069	519,167	118,248
<u>(2,128,805)</u>	<u>6,228,536</u>	<u>(12,284)</u>
1,334,087	4,787,405	31,470
-	(3,716,242)	-
2,887	2,887	(375,172)
-	(549,974)	-
<u>1,017,993</u>	<u>1,017,993</u>	<u>-</u>
<u>2,354,967</u>	<u>1,542,069</u>	<u>(343,702)</u>
-	43,610	2,898
(4,330,293)	(26,952,664)	-
52,813	18,645,449	-
-	287,504	-
(56,827)	(15,243,706)	-
(3,026)	(5,233,363)	-
5,049,657	14,340,763	-
-	833,562	-
<u>712,324</u>	<u>(13,278,845)</u>	<u>2,898</u>
<u>4,428</u>	<u>225,044</u>	<u>4,427</u>
942,914	(5,283,196)	(348,661)
\$ 809,477	\$ 38,700,602	\$ 3,932,063
<u>1,752,391</u>	<u>\$ 33,417,406</u>	<u>\$ 3,583,402</u>

(Continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Business-type Activities-Enterprise Funds			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 3,000,026	\$ 2,624,284	\$ 9,022	\$ 160,124
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	3,360,464	1,250,442	1,466,614	1,256,309
Change in assets and liabilities				
(Increase) decrease in receivables	(125,516)	(105,614)	(59,183)	(30,078)
(Increase) decrease in inventories and prepaid items	(154,998)	(8,066)	(24,723)	6,720
Increase (decrease) in accounts payable	(508,047)	(267,429)	(3,406,305)	(3,013)
Increase (decrease) in accrued liabilities	(50,903)	(24,275)	10,859	(18,058)
Increase (decrease) net pension liability	100,434	267,583	156,176	29,313
(Increase) in deferred outflows	(128,324)	(187,147)	(62,863)	(45,413)
Increase (decrease) in deferred inflows	(74,603)	(78,366)	(9,665)	(27,966)
Increase in net OPEB liability	21,052	23,056	9,403	6,015
Total Adjustments	<u>2,439,559</u>	<u>870,184</u>	<u>(1,919,687)</u>	<u>1,173,829</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 5,439,585</u>	<u>\$ 3,494,468</u>	<u>\$ (1,910,665)</u>	<u>\$ 1,333,953</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Contribution of capital assets from outside sources	<u>\$ 1,014,870</u>	<u>\$ 793,491</u>	<u>\$ 6,757,336</u>	<u>\$ 635,427</u>
Capital Assets financed through loan agreement	<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions of capital assets from Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**EXHIBIT 7**  
**(continued)**

**Business-type Activities-Enterprise Funds**

Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ (3,776,582)	\$ 2,016,874	\$ 167,270
1,074,082	8,407,911	36,655
(44,365)	(364,756)	(72,158)
(471)	(181,538)	87,846
555,489	(3,629,305)	(7,741)
(5,034)	(87,411)	(21,552)
490,884	1,044,390	125,899
(325,214)	(748,961)	(202,549)
(129,672)	(320,272)	(125,954)
32,078	91,604	-
<u>1,647,777</u>	<u>4,211,662</u>	<u>(179,554)</u>
<u><u>\$ (2,128,805)</u></u>	<u><u>\$ 6,228,536</u></u>	<u><u>\$ (12,284)</u></u>
<u><u>\$ 4,959,696</u></u>	<u><u>\$ 14,160,820</u></u>	<u><u>\$ -</u></u>
<u><u>\$ -</u></u>	<u><u>\$ 5,000,000</u></u>	<u><u>\$ -</u></u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2017**

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**EXHIBIT 8**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and pooled cash investments	\$ 1,440,140
Accounts receivable	50,378
Prepays	16,997
Accrued interest	<u>708</u>
Total Assets	<u>\$ 1,508,223</u>
<b>LIABILITIES</b>	
Accounts payable	24,722
Due to other agency	<u>1,483,501</u>
Total Liabilities	<u>\$ 1,508,223</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Reporting Entity**

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

**Discretely Presented Component Units**

The Dubuque Metropolitan Area Solid Waste Agency was created under the provisions of Chapter 28E of the Code of Iowa by the City of Dubuque and Dubuque County. The purpose of the Agency is to provide solid waste management for the Dubuque metropolitan area. The City appoints a voting majority of the Agency's governing board and has authority over those persons responsible for the day-to-day operations of the Agency. The Agency is presented as a proprietary fund type and has a June 30 year end. During the year ended June 30, 2017, \$509,049 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, 2017**

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

**Jointly Governed Organizations**

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

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

**Government-wide and Fund Financial Statements**

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

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

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

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

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

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

The City reports the following major governmental funds:

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

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

The *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, 2017**

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**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 Net Position/Fund Balance**

*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, 2017**

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**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, 2017, and 2017 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, 2017**

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**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, 2017**

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

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

*Net Position/Fund Balance*

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

- Net investment in capital assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds were \$6,059,096 for the governmental activities and \$14,141,681 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, 2017 consists of \$250,724 for debt service and \$35,104 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.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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.

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, 2017**

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**NOTE 2 – DEFICIT FUND EQUITY**

The following funds have deficit net position amounts as of June 30, 2017:

America's River Project	\$	3,432
Internal Service Funds:		
General Service	\$	989,582

The General Service deficit will be addressed during next fiscal year's reallocation of expenses. America's River Project will be addressed next fiscal year with a transfer from the General Fund.

**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 \$17,485 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 \$51,321,485, and the bank balance was \$53,526,773. The City's deposits in banks at June 30, 2017, 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 \$12,933,283, and the bank balance was \$13,079,530. The Agency's deposits in banks at June 30, 2017, 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, 2017**

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

**Investments.** As of June 30, 2017, 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	10	More than	
Money Market Funds-						
U.S. Treasury	\$ 1,944,919	\$ -	\$ -	\$ -	\$ -	\$ 1,944,919
U.S. Treasury Securities	1,613,159	-	-	2,702,788		4,315,947
Federal Agency Obligations	2,653,621	15,829,589	229,876	3,949,876		22,662,962
Managed Accounts L/T CD	250,000	243,879	-	-		493,879
Corporate Stock	100,256	-	-	-		100,256
	<u>\$ 6,561,955</u>	<u>\$ 16,073,468</u>	<u>\$ 229,876</u>	<u>\$ 6,652,664</u>	<u>\$ 29,517,963</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, 2017**

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**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, 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, 2017.

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	\$ 17,485
Carrying amount of deposits	51,321,494
Carrying amount of investments	29,517,963
Total	<u>\$ 80,856,942</u>

Government-wide	
Cash and pooled cash investments	\$ 51,967,234
Cash and pooled cash investments - temporarily restricted	27,380,156
Cash and pooled cash investments - permanently restricted	69,412
Fiduciary	
Cash and pooled cash investments	<u>1,440,140</u>
Total	<u>\$ 80,856,942</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>12,933,283</u>
Total	<u>\$ 12,934,483</u>
Cash and pooled cash investments	\$ 2,837,257
Cash and pooled cash investments - temporarily restricted	10,097,226
Total	<u>\$ 12,934,483</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**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, 2016) follows:

Deposits	\$ 1,115,051
Beneficial interest in assets held by others	1,217,509
Total	\$ <u>2,332,560</u>

Cash and pooled cash investments	\$ 1,115,051
Cash and pooled cash investments-temporarily restricted	1,217,509
Total	\$ <u>2,332,560</u>

A reconciliation of cash and investments as shown on the government-wide statement of net position for the Dubuque Convention and Visitors Bureau (June 30, 2017) follows:

Deposits	\$ 34,854
Total	\$ <u>34,854</u>
Cash and pooled cash investments	\$ 3,458
Cash and pooled cash investments-temporarily restricted	31,396
Total	\$ <u>34,854</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**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, 2017 the City had the following notes receivable.

**Economic Development Notes Receivable:**

	Original Balance	Interest Rate	Issued	Maturity	Balance	Current Portion
<b>Downtown Rehabilitation Loan Program</b>						
Harry & Rosey's	\$ 300,000	3 %	2011	7/1/2031	\$ 278,241	\$ 16,239
Clark Wolff	150,000	3	2001	5/1/2022	45,580	8,735
Dubuque Museum of Art	300,000	3	1999	7/1/2021	108,498	-
Gronen Adaptive	300,000	2	2006	5/1/2036	175,884	7,728
HJD Landlord LLC	466,000	3	2016	4/1/2036	466,000	-
Interstate Building LLP	300,000	3	2010	9/22/2015	271,538	16,946
Lower Main Development, LLC	300,000	3	2006	3/1/2026	134,775	12,704
Security Partners, L.P.	300,000	3	2001	8/1/2021	25,027	14,866
Town Clock Building Co.	300,000	3	2001	8/1/2021	94,018	21,506
Urban Development Action Grant						
40 Main, LLC - Note A	300,000	-	2009	7/1/2016	283,750	13,750
<b>Downtown Housing Incentive Loan</b>						
Caradco Landlord, LLC	4,500,000	3	2012	6/1/2030	3,791,503	-
40 Main Real Estate Loan	156,583	-	2,009	11/1/2015	156,583	-
<b>Sales Tax Construction</b>						
DB&T Community Development Corporation	1,700,000	-	2012	2/1/2032	\$ <u>1,700,000</u> \$ <u>7,531,397</u>	\$ <u>-</u> \$ <u>112,474</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

	Interest Rate	Balance	Current Portion
Community Development Installment Loans Receivables			
Residential Rehabilitation Installment Loan Programs			
First Time Home Buyers	6 %	\$ 440,581	\$ 38,000
Local Housing Assistance Program (LHAP)	6	106,860	25,000
Homebuyers Assistance Program	6	1,992,238	259,000
Infill	6	293,627	9,000
Residential Rehab Program	6	-	-
RRP Reserve	-	204,129	13,075
Washington Neighborhood Revitalize	-	46,407	3,528
The Accessibility Rehabilitation Program (for rentals)	6	533,546	17,000
Iowa Finance Authority	-	142,543	12,360
HOME Program (1)	-	246,276	21,000
Historic Preservation Revolving Loan			
Fund/Historic Preservation Housing Forgivable Loan Program			
TIF Receivables	6	46,568	11,000
Roasting Solutions	-	289,800	-
		<u>\$ 4,342,575</u>	<u>\$ 408,963</u>

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

At December 31, 2016, Dubuque Initiatives and Subsidiaries had the following notes receivable:

Lower Main Development, 4.00%, unsecured, matures August 2018	\$ 26,105
City of Dubuque, 5.00%, unsecured, matures July 2023	<u>\$ 209,901</u>
Total notes receivable	236,006
Less: current maturities	<u>(28,776)</u>
Noncurrent portion	\$ <u>207,230</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 5 – INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2017, 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	\$ 627,079	\$ -
Internal Service	-	39,012
Nonmajor	-	585,180
Business-type activities:		
Salt	\$ -	2,887
	<u>\$ 627,079</u>	<u>\$ 627,079</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, 2017**

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

Interfund transfers for the year ended June 30, 2017, consisted of the following:

Transfer to	Transfers From						Total
	General	Tax Increment Financing	Nonmajor Governmental	Sewer Disposal Works	Water Utility	Parking Facilities	
General	\$ -	\$ 588,688	\$ 5,654,570	\$ 142,884	\$ 142,884	\$ -	\$ 6,529,026
Tax increment financing	-	-	-	-	-	546,245	546,245
Debt service	1,464,065	7,133,198	1,012,574	-	-	-	9,609,837
Nonmajor governmental	286,233	1,216,523	626,722	-	-	-	2,129,478
Water utility	-	-	15,548	-	-	-	15,548
Stormwater utility	-	-	553,541	2,884,229	-	-	3,437,770
Nonmajor enterprise	1,334,087	-	-	-	-	-	1,334,087
Internal service fund	31,470	-	-	-	-	-	31,470
	<u>\$ 3,115,855</u>	<u>\$ 8,938,409</u>	<u>\$ 7,862,955</u>	<u>\$ 3,027,113</u>	<u>\$ 142,884</u>	<u>\$ 546,245</u>	<u>\$ 23,633,461</u>

Net capital assets of \$1,076,912 were transferred from governmental capital assets to transit. The transfer was reported as a capital contribution in the Transit Fund. Net capital assets of \$635,427 were transferred from governmental capital assets to parking. The transfer was reported as a capital contribution in the Parking 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, 2017**

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**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, was as follows:

**Primary Government:**

**Governmental activities:**

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 79,762,721	\$ -	\$ -	\$ 509,680	\$ (137,584)	\$ 80,134,817
Construction in Progress	38,114,212	-	-	10,564,785	(4,005,029)	44,673,968
Total Capital assets, not being depreciated	117,876,933	-	-	11,074,465	(4,142,613)	124,808,785
Capital assets, being depreciated:						
Buildings	140,451,997	-	-	546,929	-	140,998,926
Improvements other than buildings	23,764,449	-	-	110,143	-	23,874,592
Machinery and equipment	46,318,972	-	-	3,553,976	(2,647,829)	47,225,119
Infrastructure	227,944,685	-	-	3,985,767	-	231,930,452
Total capital assets, being depreciated	438,480,103	-	-	8,196,815	(2,647,829)	444,029,089
Less accumulated depreciation for:						
Buildings	(38,593,672)	-	-	(2,414,719)	-	(41,008,391)
Improvements other than buildings	(10,026,209)	-	-	(811,667)	-	(10,837,876)
Machinery and Equipment	(24,471,375)	-	-	(3,131,595)	2,283,164	(25,319,806)
Infrastructure	(71,333,668)	-	-	(3,778,665)	-	(75,112,333)
Total accumulated depreciation	(144,424,924)	-	-	(10,136,646)	2,283,164	(152,278,406)
Total capital assets, being depreciated, net	294,055,179	-	-	(1,939,831)	(364,665)	291,750,683
Governmental activities capital assets, net	\$ 411,932,112	\$ -	\$ -	\$ 9,134,634	\$ (4,507,278)	\$ 416,559,468

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Business-type activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 23,070,018	\$ -	\$ -	\$ 1,115,885	\$ -	\$ 24,185,903
Construction in progress	1,888,490	2,884,229	(2,884,229)	24,157,767	(19,538,842)	6,507,415
Total Capital assets, not being depreciated	<u>24,958,508</u>	<u>2,884,229</u>	<u>(2,884,229)</u>	<u>25,273,652</u>	<u>(19,538,842)</u>	<u>30,693,318</u>
Capital assets, being depreciated:						
Buildings	151,445,382	-	-	664,396	-	152,109,778
Improvements other than buildings	142,579,438	-	-	18,961,827	-	161,541,265
Machinery and equipment	103,872,339	-	-	6,602,097	(110,000)	110,364,436
Total capital assets, being depreciated	<u>397,897,159</u>	<u>-</u>	<u>-</u>	<u>26,228,320</u>	<u>(110,000)</u>	<u>424,015,479</u>
Less accumulated depreciation for:						
Buildings	(49,223,618)	-	-	(2,047,550)	-	(51,271,168)
Improvements other than buildings	(28,058,636)	-	-	(2,563,275)	-	(30,621,911)
Machinery and equipment	(33,547,239)	-	-	(3,797,086)	110,000	(37,234,325)
Total accumulated depreciation	<u>(110,829,493)</u>	<u>-</u>	<u>-</u>	<u>(8,407,911)</u>	<u>110,000</u>	<u>(119,127,404)</u>
Total capital assets, being depreciated, net	<u>287,067,666</u>	<u>-</u>	<u>-</u>	<u>17,820,409</u>	<u>-</u>	<u>304,888,075</u>
Business-type activities capital assets, net	<u>\$ 312,026,174</u>	<u>\$ 2,884,229</u>	<u>\$ (2,884,229)</u>	<u>\$ 43,094,061</u>	<u>\$ (19,538,842)</u>	<u>\$ 335,581,393</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

Governmental activities:

Public safety	\$ 1,038,511
Public works	6,022,556
Health and social services	6,975
Culture and recreation	2,207,399
Community and economic development	16,892
General government	807,658
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	36,655
Total depreciation expense - governmental activities	<u>\$ 10,136,646</u>

Business-type activities:

Sewage disposal works	\$ 3,360,464
Water utility	1,250,442
Stormwater utility	1,466,614
Parking facilities	1,256,309
Refuse collection	319,486
Salt	27,639
Transit system	726,957
Total depreciation expense - business-type activities	<u>\$ 8,407,911</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**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	\$ -	\$ -	\$ 1,086,188	\$ (3,362,246)	\$ 2,952,666
Construction in progress	3,464,862	-	-			1,188,804
Total Capital assets, not being depreciated	<u>6,417,528</u>	<u>-</u>	<u>-</u>	<u>1,086,188</u>	<u>(3,362,246)</u>	<u>4,141,470</u>
Capital assets, being depreciated:						
Buildings	106,495	-	-	-	-	106,495
Improvements other than buildings	10,306,408	-	-	3,362,246	-	13,668,654
Machinery and equipment	4,255,081	-	-	182,278	(297,353)	4,140,006
Total capital assets, being depreciated	<u>14,667,984</u>	<u>-</u>	<u>-</u>	<u>3,544,524</u>	<u>(297,353)</u>	<u>17,915,155</u>
Less accumulated depreciation for:						
Buildings	(54,022)	-	-	(1,922)	-	(55,944)
Improvements other than buildings	(6,732,144)	-	-	(159,236)	-	(6,891,380)
Machinery and equipment	(2,860,485)	-	-	(272,449)	260,399	(2,872,535)
Total accumulated depreciation	<u>(9,646,651)</u>	<u>-</u>	<u>-</u>	<u>(433,607)</u>	<u>260,399</u>	<u>(9,819,859)</u>
Total capital assets, being depreciated, net	<u>5,021,333</u>	<u>-</u>	<u>-</u>	<u>3,110,917</u>	<u>(36,954)</u>	<u>8,095,296</u>
Dubuque Metropolitan Area Solid Waste, capital assets	\$ <u>11,438,861</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,197,105</u>	\$ <u>(3,399,200)</u>	\$ <u>12,236,766</u>

Depreciation expense of \$433,607 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 7 – LONG-TERM DEBT**

**General Obligation Bonds.** The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$115,450,000. During fiscal year 2017, the City issued \$20,360,000 of general obligation bonds, \$20,130,000 of which was used for a current refunding bonds. The City refunded \$20,495,000 of general obligation bonds. The refunding was undertaken to reduce total debt service payments. The results of the transaction is a reduction of \$1,326,119 in future debt service payments for an economic gain of \$1,148,511.

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, 2017, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate purpose					
(taxable) Series 2008C	11/04/2008	06/01/09-06/01/18	5.25-5.50	2,465,000	430,000
Corporate purpose Series 2011A	09/01/2011	06/01/12-06/01/31	2.00-4.00	6,330,000	4,995,000
Corporate purpose					
(taxable) Series 2011B	09/01/2011	06/01/13-06/01/26	2.25-4.35	1,590,000	1,090,000
Corporate purpose Series 2012A	03/15/2012	06/01/14-06/01/31	2.00-3.00	4,380,000	3,550,000
Corporate purpose					
and refund Series 2012B	03/15/2012	06/01/13-06/01/31	2.00-3.13	7,495,000	6,010,000
Corporate purpose					
(taxable) Series 2012C	06/28/2012	06/01/14-06/01/32	2.00-3.90	6,965,000	5,780,000
Corporate purpose Series 2012D	06/28/2012	06/01/14-06/01/32	2.00-3.46	7,175,000	5,235,000
Corporate purpose Series 2012E	12/12/2012	06/01/14-06/01/32	2.00-3.00	3,640,000	2,835,000
Corporate purpose					
(taxable) Series 2012F	12/10/2012	06/01/14-06/01/22	1.00-2.20	1,035,000	665,000
Corporate purpose Series 2012H	12/10/2012	06/01/15-06/01/32	2.00-3.00	2,385,000	1,900,000
Corporate purpose (taxable)					
and refund Series 2012I	12/04/2013	06/01/13-06/01/21	0.30-2.20	7,285,000	2,240,000
Corporate purpose Series 2014B	12/08/2014	06/01/16-06/01/34	3.00-3.65	18,835,000	18,370,000
Corporate purpose (taxable)					
Series 2014C	12/08/2014	06/01/16-06/01/34	3.00-4.16	7,615,000	7,415,000
Corporate Purpose Series 2016A	04/04/2016	06/01/17-06/01/35	2.00-3.75	2,830,000	2,710,000
Corporate Purpose Refunding					
Series 2016B	04/04/2016	06/01/16-06/01/28	2.00-3.00	10,920,000	9,160,000
Corporate Purpose Series 2016C	04/04/2016	06/01/17-06/01/35	2.00-3.13	4,145,000	3,985,000
Corporate Purpose Series 2017A	04/17/2017	06/01/18-06/01/30	3.00	8,495,000	8,495,000
Corporate Purpose					
Refunding Series 2017B	04/17/2017	06/01/18-06/01/30	3.00	9,745,500	9,745,000
Corporate Purpose					
Refunding Series 2017C	04/17/2017	06/01/18-06/01/30	3.00-3.45	2,120,000	2,120,000
				<u>\$ 115,450,500</u>	<u>\$ 96,730,000</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

Fiscal Year June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 5,241,016	\$ 1,566,461	\$ 2,408,984	\$ 1,385,417
2019	4,740,993	1,393,836	2,974,008	1,288,039
2020	4,776,814	1,275,964	2,993,286	1,204,008
2021	4,498,314	1,153,844	2,866,696	1,118,024
2022	3,314,338	1,033,959	2,955,662	1,033,355
2023-2027	15,149,712	3,900,162	14,705,288	3,837,028
2028-2032	12,979,909	1,665,229	11,894,980	1,593,264
2033-2035	2,323,898	144,975	2,906,106	162,413
Total	<u>\$ 53,024,994</u>	<u>\$ 12,134,430</u>	<u>\$ 43,705,010</u>	<u>\$ 11,621,548</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, 2017, 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	\$ 20,520,000	\$ 475,000
				<u>\$ 23,025,000</u>	<u>\$ 20,520,000</u>	<u>\$ 475,000</u>

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
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	635,000	1,379,625
2023-2027	3,950,000	6,110,625
2028-2032	5,675,000	4,409,375
2033-2037	8,135,000	1,918,500
Total	<u>\$ 20,520,000</u>	<u>\$ 19,751,500</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Revenue Bonds.** The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. 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, 2017, 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	\$ 590,000
Water Utility Series 2010D	09/21/2010	06/01/12-06/01/30	2.00-4.00	5,700,000	4,525,000
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 2015A	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>\$ 33,105,000</u>

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$1,195,000 of water revenue bonds, issued in November 2008, to provide financing for water main replacements and repairs, construction of water main extensions, and the acquisition and installation of a pump station radio communication equipment and facilities. The bonds are payable solely from water customer net operating revenues and are payable through 2023. The City has pledged future water customer revenues, net of specified operating expenses, to repay \$5,700,000 of water revenue bonds, issued in November 2010, to provide funds to pay costs of constructing and equipping improvements, and extensions to the municipal water system. The bonds are payable solely from water customer net operating revenues and are payable through 2030. Net operating income is expected to equal or exceed 1.25% of the annual principal and interest payments on both bonds.

The City shall at all times prescribe, fix, and maintain and collect rates, fees and other charges for their services and facilities furnished by the system that are fully sufficient at all times which will (a) equal at least 125% of the debt service requirement of all bonds and parity obligations then outstanding for the year of computation; (b) enable the City to make all required payments, if any, into the debt service reserve fund. For the current year, principal and interest paid and total customer net revenues (operating revenues, plus interest earnings, plus depreciation expense) were \$497,260 and \$3,910,493, respectively.

Except with respect to the Senior SRF Bonds, or any future SRF bonds, the City covenants to establish and maintain a debt service reserve fund in the amount determined to be a reasonable reserve for the payment of principal and interest on the Bonds and outstanding parity obligations, (b) the maximum annual principal and interest requirements on the bonds and outstanding parity obligations, or (c) 125% of the average annual principal and interest requirements on the bonds.

During the year ended June 30, 2017, the City was in compliance with the revenue bonds' provisions.

Pursuant to the Master Resolutions, approved by the City Council, Sales Tax Increment Revenues received as a result of the Flood Mitigation Program under the Award Agreement shall be applied solely for the benefit of the holders of the Series 2015A Bonds \$20,800,000, and outstanding from time to time, any other Senior Bonds, the Series 2014 Bonds, \$7,190,000 and any other second lien bonds that may be issued in the future under the Master Resolution. The bonds provide financing for costs for acquisition, construction and installation and equipping of the Bee Branch Watershed Flood Mitigation Project.

The total principal and interest remaining to be paid on all revenue bonds is \$43,694,305.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

The City issued \$7,190,000 Sales Tax Increment Revenue Bonds, June 2014 and \$20,800,000 June 2015, for the purpose of paying costs of the acquisition, construction and installation and equipping of the Bee Branch Watershed Flood Mitigation Project. The master resolution establishes a Debt Service Reserve Account that may secure one or more series of Bonds. Upon the issuance of the Series 2015A Bonds a deposit of \$2,080,000 was made into the Debt Service Reserve Account, and the Series 2015A Bonds shall be secured by amounts held in the Debt Service Reserve Account. The Series 2014 Bonds are revenue bonds secured by and payable as provided in the Master Resolution from all Pledged Revenues which are pledged under the Master Resolution to the payment of the principal and interest of the Series 2014 Bonds. There shall be no deposit made into the Debt Service Reserve Account for Series 2014 Bonds, there is no Debt Service Reserve Requirement applicable to the Series 2014 Bonds, and Series 2014 Bonds shall not be secured by any amounts held in the Debt Service Reserve Account.

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year June 30	Business-type Activities	
	Principal	Interest
2018	\$ 305,000	\$ 955,878
2019	315,000	945,288
2020	330,000	934,308
2021	340,000	922,698
2022	355,000	910,598
2023-2027	17,410,000	4,607,244
2028-2031	14,050,000	1,313,291
Total	<u>\$ 33,105,000</u>	<u>\$ 10,589,305</u>

**Notes Payable.** Notes payable have been issued to provide funds for economic development and for the purchase of capital assets. Notes payable at June 30, 2017, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount	Amount	Current Portion
				Originally Issued	Outstanding End of Year	
Theisen Supply	11/22/06	12/31/08-06/30/18	8.00 %	\$ 810,323	\$ 121,116	\$ 121,115
40 Main LLC	08/06/09	06/01/11-06/01/37	6.50	\$ 690,529	\$ 330,647	\$ 74,765
				<u>\$ 1,500,852</u>	<u>\$ 451,763</u>	<u>\$ 195,880</u>

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
2018	\$ 195,880	\$ 28,381
2019	79,827	15,582
2020	85,174	10,235
2021	90,882	4,528
Total	<u>\$ 451,763</u>	<u>\$ 58,726</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Capital Loan Notes.** Revenue capital loan notes have been issued for the planning and construction of sewer, stormwater, and water capital projects through the State of Iowa State Revolving Loan Funds. The City issued an additional \$7,388,799 of SRF debt in 2017 as part of the Bee Branch stormwater construction project and \$2,150,596 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, 2017, are as follows:

Purpose	Date Authorized	Final Maturity Date	Interest Rates	Amount Authorized	Amount Outstanding End of Year	Current Portion
Drinking Water	10/18/07	06/01/28	3.25 %	\$ 1,037,000	\$ 571,000	\$ 44,000
Clean Water	01/14/09	06/01/28	3.25	1,827,000	1,152,000	89,000
North Catfish Creek Stormwater	01/13/10	06/01/30	3.25	800,000	576,000	36,000
North Catfish Creek Sewer	01/13/10	06/01/30	3.25	912,000	657,000	41,000
Water Meter Replacement	02/12/10	06/01/30	3.25	7,676,000	2,423,000	139,000
Water Meter Replacement Sewer	02/12/10	06/01/30	3.25	3,058,000	2,423,000	139,000
Upper Bee Branch Sewer	10/27/10	06/01/41	3.25	7,850,000	6,819,000	192,000
Water and Resource Recovery Center	08/18/10	06/01/39	2.00	74,285,000	64,867,676	2,391,000
Cogeneration	05/17/13	06/01/33	2.00	3,048,000	2,531,000	136,000
Bee Branch Stormwater	02/18/14	06/01/33	2.00	1,029,000	101,720	46,000
Bee Branch Stormwater	06/19/15	06/01/37	2.00	29,541,000	28,392,547	472,800
				\$ 131,063,000	\$ 110,513,943	\$ 3,725,800

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

Fiscal Year June 30	Business-type Activities	
	Principal	Interest
2018	\$ 3,725,800	\$ 2,336,359
2019	4,337,999	2,303,227
2020	4,403,721	2,208,848
2021	3,696,292	2,112,063
2022	4,563,000	2,029,142
2023-2027	24,384,000	8,619,789
2028-2032	25,751,000	5,807,103
2033-2037	31,356,455	2,637,618
2038-2041	8,295,676	126,230
Total	\$ 110,513,943	\$ 28,180,379

At June 30, 2017, the City of Dubuque had \$1,357,010 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 in 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, 2017**

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

**Loans Payable.** Loans payable have been issued to fund several City projects. Loans payable at June 30, 2017, 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	\$ 209,902	\$ 28,074
Iowa Finance Authority	08/26/11	06/01/20-06/01/30	3.0	4,500,000	3,900,000	18,000
Bowling & Beyond Inc.	07/25/12	12/04/12-12/04/32	-	1,000,000	750,000	50,000
Western Rural Water	12/27/16	12/01/17-12/01/21	3.0	5,000,000	5,000,000	1,000,000
				<u>\$ 10,900,000</u>	<u>\$ 9,859,902</u>	<u>\$ 1,096,074</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
2018	\$ 68,000	\$ 117,000		\$ 1,028,074	\$ 149,463
2019	68,540	116,460		1,029,495	128,727
2020	69,096	115,904		1,030,988	97,234
2021	235,513	115,331		1,032,557	65,665
2022	241,078	109,766		1,034,205	34,017
2023-2027	1,294,895	459,325		54,583	2,752
2028-2032	2,672,878	197,318		-	-
Total	<u>\$ 4,650,000</u>	<u>\$ 1,231,104</u>		<u>\$ 5,209,902</u>	<u>\$ 477,858</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Changes in Long-term Liabilities.** Long-term liability activity for the year ended June 30, 2017, was as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 58,076,184	\$ 11,253,700	\$ (16,304,890)	\$ 53,024,994	\$ 5,241,016
Unaccrued premium	917,720	319,384	(405,284)	831,820	-
Unamortized discounts	(124,092)	-	67,997	(56,095)	-
Total general obligation bonds	58,869,812	11,573,084	(16,642,177)	53,800,719	5,241,016
Tax increment financing bonds	20,960,000	-	(440,000)	20,520,000	475,000
Unamortized discounts	(195,182)	-	8,872	(186,310)	-
Total tax increment financing bonds	20,764,818	-	(431,128)	20,333,690	475,000
Notes payable	625,429	-	(173,666)	451,763	195,880
Loans payable	5,347,142	-	(697,142)	4,650,000	68,000
Compensated absences	5,906,104	2,627,426	(3,042,687)	5,490,843	443,005
Net pension liability	36,085,349	10,715,642	-	46,800,991	-
Net OPEB liability	3,809,858	380,839	-	4,190,697	-
<b>Total governmental activities</b>	<b>\$ 131,408,512</b>	<b>\$ 25,296,991</b>	<b>\$ (20,986,800)</b>	<b>\$ 135,718,703</b>	<b>\$ 6,422,901</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 46,338,822	\$ 9,106,300	\$ (11,740,110)	\$ 43,705,012	\$ 2,408,985
Unaccrued premium	563,016	289,152	(34,461)	817,707	-
Unamortized discounts	(95,365)	-	59,669	(35,696)	-
Total general obligation bonds	46,806,473	9,395,452	(11,714,902)	44,487,023	2,408,985
Revenue bonds	33,400,000	-	(295,000)	33,105,000	305,000
Unaccrued premium	865,888	-	(66,360)	799,528	-
Unamortized discounts	(68,889)	-	4,927	(63,962)	-
Total revenue bonds	34,196,999	-	(356,433)	33,840,566	305,000
Capital loan notes	104,156,551	9,539,393	(3,182,000)	110,513,944	3,725,800
Loans payable	236,621	5,000,000	(26,719)	5,209,902	1,028,074
Compensated absences	903,179	396,526	(533,409)	766,296	55,849
Net pension liability	4,695,669	1,044,390	-	5,740,059	-
Net OPEB liability	827,501	91,604	-	919,105	-
<b>Total business-type activities</b>	<b>\$ 191,822,993</b>	<b>\$ 25,467,365</b>	<b>\$ (15,813,463)</b>	<b>\$ 201,476,895</b>	<b>\$ 7,523,708</b>

For the governmental activities, compensated absences, net pension liability 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, 2017**

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

**Dubuque Metropolitan Area Solid Waste Agency**

**General Obligation Bonds.** Dubuque County, Iowa issued a general obligation landfill 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, 2017 is as follows:

Purpose	Date of Issue	Maturity Date	Interest Rate	Amount Originally Issued	Amount Outstanding End of Year
Landfill Facility	12/30/2014	06/01/16-06/01/34	2.0-4.0 %	\$ 4,500,000	\$ 4,125,000
Landfill Facility	12/28/2016	06/01/17-06/01/36	3.0	\$ 5,100,000	\$ 5,000,000
				\$ 9,600,000	\$ 9,125,000

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

Fiscal Year June 30	Principal	Interest
2018	\$ 395,000	\$ 272,559
2019	400,000	262,659
2020	410,000	250,659
2021	425,000	238,359
2022	435,000	225,609
2023-2027	2,385,000	926,963
2028-2032	2,770,000	563,548
2033-2036	1,905,000	135,595
Total	\$ 9,125,000	\$ 2,875,951

**Changes in Long-Term Liabilities.** Long term liability activity for the year ended June 30, 2017 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bond	\$ 4,315,000	\$ 5,100,000	\$ (290,000)	\$ 9,125,000	\$ 395,000
Unaccrued premium	132,132	118,065	(6,954)	243,243	-
Total general obligation bond	<u>\$ 4,447,132</u>	<u>\$ 5,218,065</u>	<u>(296,954)</u>	<u>\$ 9,368,243</u>	<u>\$ 395,000</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Dubuque Initiatives and Subsidiaries.** At December 31, 2016, Dubuque Initiatives and Subsidiaries had the following notes and loan payable:

Note payable to Dubuque Bank & Trust (Loan A), due in monthly interest-only payments through June 2029; at which time unpaid interest and principal are due. Interest rate through June 2018 is the greater of Federal home Loan Bank rate plus 2.75% or 5.00% with a ceiling of 7.00% (effective rate of 5% at December 31, 2016). Thereafter the interest rate is the Federal Home Loan Bank rate plus 2.75%.\*

\$ 5,294,384

Note payable to Dubuque Bank & Trust (Loan B), due in monthly installments as set forth in the Loan Agreement, including interest at the greater of Federal Home Loan Bank rate plus 2.75% or 5% with a ceiling of 7% (effective rate of 5% at December 31, 2016).

Unpaid interest and principal due June 2019.\*

347,094

Less: Current maturities  
 Non-current liability

5,641,478

(433,504)

\$ 5,207,974

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

2017	\$ 433,504
2018	489,518
2019	508,955
2020	529,162
2021	550,173
Thereafter	<u>3,130,166</u>
	<u>\$ 5,641,478</u>

\* - Notes are collateralized by substantially all Organization assets, a collateral assignment of tax credit purchase agreement dated June 22, 2009, a collateral assignment of fund loan documents dated June 22, 2009 and are guaranteed by the City of Dubuque.

In January 2017, the Organization refinanced the long-term debt. The refinanced note is due in monthly installments of \$56,995, including interest at 3.90%. Unpaid principal and interest are due January 2022. The note is collateralized by an assignment of rents, a commercial pledge and substantially all assets of the Organization.

During 2016, the Organization satisfied all tax credit compliance requirements. As such, the Organization exercised its option and obtained the outstanding units of Master Tenant held by outside investors. Concurrently, notes receivable of \$9,697,427 due from an entity owner by the outside investors was forgiven. RBI was dissolved and RBI's assets and liabilities was transferred to DI. QALICB changed its name to Roshek Building, LLC ("RBL") and Master Tenant was dissolved and its assets and liabilities were transferred to RBL. At that time, loans of \$19,700,000 owed to the outside investors were forgiven. At December 31, 2016, the remaining entities are DI and RBL, which now includes all operations of the Roshek Building, of which DI is the sole member.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 8 – RISK MANAGEMENT**

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

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents which is included in the Internal Service Fund Type. Health benefits were self-insured up to an individual stop-loss amount of \$120,000, and an aggregate stop-loss of \$12,336,455 for 2017. 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 2017. 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 \$704,944 in the Health Insurance Reserve Fund and \$1,118,237 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, 2017 and 2016, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
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	795,381	1,039,904
Claims and changes in estimates during fiscal year 2017	11,220,181	1,153,265
Claim payments	(11,310,618)	(1,074,932)
Liabilities at June 30, 2017	<u>\$ 704,944</u>	<u>\$ 1,118,237</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – RISK MANAGEMENT (continued)**

The City is a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 753 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, 2017, were \$503,078.

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, 2017, 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**  
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**NOTE 8 – RISK MANAGEMENT (continued)**

Members agree to continue membership in the Pool through the Iowa Risk Management Agreement for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

**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, 2017.

**Litigation**

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

The City Attorney has estimated that all 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.

**Construction Contracts**

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2017. The City has additional commitments for signed construction contracts of \$17,825,337 as of June 30, 2017. 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, 2017. DMASWA has an additional commitment for a signed construction contract of \$2,349,482 as of June 30, 2017. This commitment will be funded by bond proceeds.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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.

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 535 active and 79 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, 2017, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 571,435
Interest on net OPEB obligation	212,675
Adjustment to annual required contribution	(277,648)
Annual OPEB cost	506,462
Contributions made, net of retiree contributions	(23,994)
Increase in net OPEB obligation	482,468
Net OPEB obligation, beginning of year	4,726,101
Net OPEB obligation, end of year	<u><u>\$ 5,208,569</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2016. 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, 2017.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

For the year ended June 30, 2017, the City paid \$519,898 for retiree claims. Plan members eligible for benefits contributed \$495,904 or 100% of the premium costs. The net resulted in City contributions of \$23,994.

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, 2017 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 506,462	5 %	\$ 5,208,569
June 30, 2016	467,960	0	4,726,101
June 30, 2015	466,758	1	4,221,176

**Funded Status and Funding Progress** - As of July 1, 2016, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$5,187,750, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,187,750. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$33,775,619 and the ratio of the UAAL to covered payroll was 15%. As of June 30, 2017, 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, 2016 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate (inflation rate) is 7%. The ultimate medical trend rate is 5% beginning in year 2027. 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 MFPSI 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 \$11,955-\$17,015 per year for retirees depending on the age of retiree. 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, 2017**

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**NOTE 11 – EMPLOYEE PENSION PLANS**

**Iowa Public Employees Retirement System IPERS**

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

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

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

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if 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% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State 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 2017, pursuant to the required rate, regular members contributed 5.95% of covered payroll and the City contributed 8.93% for a total rate of 14.88%.

The City's total contributions to IPERS for the year ended June 30, 2017 were \$2,227,787. The Dubuque Metropolitan Area Solid Waste Agency's total contributions to IPERS for the year ended June 30, 2017 were \$61,413.

**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, 2017, the City reported a liability of \$21,570,715 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the City's collective proportion was .34274% which was a decrease of 0.0086% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$2,405,785. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 190,637	\$ 257,430
Changes of assumptions	329,102	-
Net difference between projected and actual earnings on IPERS' investments	3,073,057	-
Changes in proportion and differences between City's contributions and City's proportionate share of contributions	45,020	599,318
City contributions subsequent to the measurement date	<u>2,227,787</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 5,865,603</u></b>	<b><u>\$ 856,748</u></b>

\$2,227,787 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, 2018. 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
2018	\$ 263,158
2019	263,158
2020	1,454,079
2021	831,207
2022	<u>(30,534)</u>
	<b><u>\$ 2,781,068</u></b>

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 7.50%, 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 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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:	\$ 34,897,492	\$ 21,570,094	\$ 10,321,594

**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, 2017, the DMASWA reported a liability of \$594,618 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2017, the DMASWA's collective proportion was 0.009672% which was a decrease of 0.000057% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the DMASWA recognized pension expense of \$66,320. At June 30, 2017, 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	\$ 5,255	\$ 7,097
Changes of assumptions	9,072	-
Net difference between projected and actual earnings on IPERS' investments	84,714	-
Net changes in proportion and differences between City's contributions and City's proportionate share of contributions	1,241	16,521
City contributions subsequent to the measurement date	61,413	-
<b>Total</b>	<b>\$ 161,695</b>	<b>\$ 23,618</b>

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

\$61,413 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
2018	\$ 7,247
2019	7,247
2020	40,042
2021	22,890
2022	(762)
	<u>\$ 76,664</u>

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.50%, 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 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
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Agency's proportionate share of the net pension liability: \$ 962,010 \$ 594,618 \$ 284,533

There were no non-employer contributing entries at IPERS.

**Actuarial Assumptions** - The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00% , average, including inflation. Rates vary by membership group.
Long-term Investment rate of return (effective June 30, 1996)	7.50% , compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 1990)	4.00% per annum based on 3.00% inflation and 1.00% real wage inflation

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

The actuarial assumptions used in the June 30, 2016 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 IPERS' was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28 %	1.90%
Domestic Income	24	5.85
International Equity	16	6.32
Private Equity/debt	11	10.31
Real Estate	8	3.87
Credit Opportunities	5	4.48
TIPS	5	1.36
Other Real Assets	2	6.42
Cash	1	(0.26)
<b>Total</b>	<b>100 %</b>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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 IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Payables to IPERS - At June 30, 2017, the City reported payables to the defined benefit pension plan of \$30,640 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**  
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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

**Municipal Fire and Police Retirement System of Iowa (MFPSRI)**

Plan Description – MFPSRI 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 MFPSRI. MFPSRI 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.mfpsri.org](http://www.mfpsri.org).

MFPSRI 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% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation 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% 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 benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% 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% 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% of average final compensation for those with less than 5 years of service.

**CITY OF DUBUQUE, IOWA**  
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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

Death benefits are similar to disability benefits. Benefits for accidental death are 50% 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% 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% 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, 2017.

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% 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 25.92% for the year ended June 30, 2017.

The City's contributions to MFPSI for the year ended June 30, 2017 was \$3,512,627.

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

There were no state appropriations to MFPSI during the fiscal year ended June 30, 2017.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the City reported a liability of \$30,970,956 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2017**

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

actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPSI participating employers. At June 30, 2016, the City's proportion was 4.953285% which was a decrease of 0.0322% from its proportions measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$4,100,603. At June 30, 2017, 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	\$ 799,321	\$ 28,722
Changes of assumptions	1,307,611	424,218
Net difference between projected and actual earnings on pension plan investments	5,476,383	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	494,947
City contributions subsequent to the measurement date	3,512,627	-
<b>Total</b>	<b>\$ 11,095,942</b>	<b>\$ 947,887</b>

\$3,512,627 is 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, 2018. 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
2018	\$ 983,506
2019	983,506
2020	3,020,676
2021	1,740,466
2022	(92,726)
	<b>\$ 6,635,428</b>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Actuarial Assumptions: The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rates of salary increase	4.50% to 15.00% percent, including inflation.
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Postretirement mortality rates were based on the RP-2000 Blue Collar Combined Health Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The long-term expected rate of return on MFPRSI 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large cap	6.0%
Small cap	5.8
International large cap	7.0
Emerging markets	8.8
Emerging markets debt	6.5
Private non-core real estate	9.3
Master limited partnerships	8.5
Private equity	9.8
Core plus fixed income	3.8
Private core real estate	6.8
Treasury inflation protected securities	2.8
Tactical asset allocation	6.0

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rates, actuarially determined. Based on those assumptions, MFPSI fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on MFPSI 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%, 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 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability:	\$ 48,607,343	\$ 30,970,956	\$ 16,283,608

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

Payables to MFPSI - At June 30, 2017, City of Dubuque, Iowa reported payables to the defined benefit pension plan of \$78,684 for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPSI.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

To comply with federal (40 CFR 258.74) and state regulations (IAC 113.14 (455b)), the Dubuque Metropolitan Area Solid Waste agency (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 and 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>2017</u>
Closure	\$ 2,264,840
Post-closure care	<u>2,265,000</u>
Totals	<u><u>\$ 4,529,840</u></u>

The total closure and post-closure care costs for the DMASWA has been estimated at approximately \$4,529,840 as of June 30, 2017, and the portion of the liability, that has been recognized is \$3,705,392. 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 85% of cell 9 Phase 1 and 44% 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 \$4,457,840 as of June 30, 2017. The Agency will recognize the remaining estimated cost of closure and post closure care of \$824,448 over the estimated remaining life of 22 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, 2017 is \$6,299,355, with \$142,423 of depreciation expense during the year ended June 30, 2017. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2017, the DRA lease generated \$4,843,286 in lease revenue.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 14 – SUBSEQUENT EVENTS**

On August 31, 2017, the City sold 30.67 acres of industrial land to Dubuque County in order to help Flexsteel build a \$25 million plant. Dubuque Initiatives will accept ownership of Flexsteel's existing 100-plus-year-old facility at 3400 Jackson St., demolish all structures and redevelop the site. The city would contribute up to \$660,000 for this process, which includes environmental cleanup. City officials also will provide tax-increment-financing rebates to Flexsteel of up to \$4.1 million over 10 years. The city also will provide 10 years of TIF rebates for any new development at Flexsteel's current site on Jackson St. In total, Flexsteel would receive more than \$10.2 million worth of state and local incentives in exchange for retaining at least 200 of 218 local jobs. Flexsteel broke ground on their new facility in early October, 2017.

On September 22, 2017, the City drew down \$1.27M of State Revolving Loan Fund (SRF) proceeds. This was in relation to the Bee Branch Creek Restoration project.

On July 5, 2017 complete action was taken on a \$3.498 million Sewer Utility Revenue Capital Loan SRF Note. The Note will carry an annual 1.75% interest rate for 20 years, with an annual servicing fee of 0.25%. There is also a one time upfront loan origination fee of 0.5%. The loan funds will be used to pay costs of acquisition, construction, reconstruction, extension, improvement, and equipping all or part of the Municipal Sewer System, including those costs associated with Kerper Boulevard Sanitary Sewer reconstruction project.

On August 21, 2017, complete action was taken on a \$1.4 million SRF sponsorship project used to fund improvements within the Catfish Creek Watershed. This sponsorship project is funded by a reduction in interest on the Stormwater Utility Revenue Capital Loan Note, Series 2015B.

On September 5, 2017, complete action was taken on a \$475,000 Water Revenue Capital Loan SRF Note. The proceeds of which will be used to fund The note carries a 0% interest rate for up to three years and has no initiation or servicing fees. The loan may be rolled into an SRF Construction Loan or repaid when permanent financing is available.

On August 21, 2017, council authorized the submittal of a Clean Water State Revolving Fund (SRF) Sponsorship Project application to the Iowa Department of Natural Resources to secure funding for the Eagle Point Park Environmental Restoration Project for \$320,000.

**NOTE 15 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS**

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

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans, issued June 2015, will be effective for the fiscal year ending June 30, 2018. The objective of this Statement is to improve the accounting and financial reporting of governments for postemployment benefits other than pensions. This Statement replaces Statement 45 and 57.

Statement No. 81, Irrevocable Split-Interest Agreements, will be effective for the fiscal year ending 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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 15 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS (continued)**

Statement No. 83, Certain Asset Retirement Obligations, will be effective for the fiscal year June 30, 2019. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations (ARO). The Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

Statement No. 84, Fiduciary Activities, will be effective for the fiscal year June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of certain fiduciary activities for accounting and reporting purposes and how those activities should be reported.

Statement No. 85, Omnibus 2017, will be effective for the fiscal year June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Statement No. 86, Certain Debt Extinguishment issues, will be effective for the fiscal year June 30, 2018. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt.

Statement No. 87, Leases, will be effective for the fiscal year June 30, 2021. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments.

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

**NOTE 16 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapter 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as a part of these agreements.

For the year ended June 30, 2017, the City abated \$3,576,245 of property tax under the urban renewal and economic development projects.

**Required Supplementary Information  
June 30, 2017  
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, 2017**

	Actual	Budgeted Amounts		Final to Actual
		Original	Final	Variance
<b>RECEIPTS</b>				
Property tax	\$ 23,858,828	\$ 25,555,634	\$ 25,555,634	\$ (1,696,806)
Tax increment financing	10,937,338	11,112,649	11,112,649	(175,311)
Other City tax	12,684,826	18,106,679	17,733,819	(5,048,993)
Licenses and permits	6,601,853	1,505,981	1,531,981	5,069,872
Use of money and property	14,561,637	12,893,350	12,978,348	1,583,289
Intergovernmental	45,547,612	34,561,978	76,358,430	(30,810,818)
Charges for fees and service	37,545,385	59,462,089	59,404,187	(21,858,802)
Special assessments	309,184	-	-	309,184
Miscellaneous	9,643,090	1,705,918	2,278,940	7,364,150
<b>Total Receipts</b>	<b>161,689,753</b>	<b>164,904,278</b>	<b>206,953,988</b>	<b>(45,264,235)</b>
<b>EXPENDITURES</b>				
Public safety	29,197,602	29,240,936	29,552,449	354,847
Public works	11,547,440	13,514,802	14,399,227	2,851,787
Health and social services	943,286	994,825	989,508	46,222
Culture and recreation	11,580,800	11,967,321	12,526,578	945,778
Community and economic development	14,847,815	14,203,680	14,359,577	(488,238)
General government	8,926,106	9,131,313	9,482,984	556,878
Debt service	22,293,960	10,088,563	21,787,938	(506,022)
Capital projects	27,904,170	27,315,838	80,705,559	52,801,389
Business-type activities	64,269,682	68,698,070	100,081,981	35,812,299
<b>Total Expenditures</b>	<b>191,510,861</b>	<b>185,155,348</b>	<b>283,885,801</b>	<b>92,374,940</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>(29,821,108)</b>	<b>(20,251,070)</b>	<b>(76,931,813)</b>	<b>47,110,705</b>
<b>OTHER FINANCING SOURCES, NET</b>	<b>30,942,315</b>	<b>14,996,651</b>	<b>39,380,222</b>	<b>(8,437,907)</b>
<b>EXCESS DEFICIENCY OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>1,121,207</b>	<b>(5,254,419)</b>	<b>(37,551,591)</b>	<b>38,672,798</b>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>71,419,657</b>	<b>29,641,135</b>	<b>75,864,384</b>	<b>-</b>
<b>BALANCE, ENDING OF YEAR</b>	<b>\$ 72,540,864</b>	<b>\$ 24,386,716</b>	<b>\$ 38,312,793</b>	<b>\$ 38,672,798</b>

See Notes to Required Supplementary Information.

# CITY OF DUBUQUE, IOWA

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

The budget for the fiscal year ended June 30, 2017, was amended two times during the year to allow the City to increase function expenditures by \$98,730,453 primarily for the carry-forward of unfinished capital improvement projects. During the year ended June 30, 2017, expenses for community and economic development 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		Enterprise Funds
				Modified Accrual Basis	Accrual Basis	
Receipts/Revenue	\$ 161,689,753	\$ (20,347,674)	\$ 141,342,079	\$ 106,265,736	\$ 35,076,343	\$ 141,342,079
Expenditures/Expenses	191,510,861	(39,713,945)	151,796,916	115,367,913	36,429,003	151,796,916
Deficiency of Receipts/Revenue						
Under Expenditures/Expenses	(29,821,108)	19,366,271	(10,454,837)	(9,102,177)	(1,352,660)	(10,454,837)
Other Financing Sources	30,942,315	(4,819,675)	26,122,640	10,890,657	15,231,983	26,122,640
Net	1,121,207	14,546,596	15,667,803	1,788,480	13,879,323	15,667,803
Balance, Beginning	71,419,657	140,435,390	211,855,047	53,612,468	158,242,579	211,855,047
Balance, Ending	<u>\$ 72,540,864</u>	<u>\$ 154,981,986</u>	<u>\$ 227,522,850</u>	<u>\$ 55,400,948</u>	<u>\$ 172,121,902</u>	<u>\$ 227,522,850</u>

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

	2017	2016	2015
City's proportion of the net pension liability (asset)	0.34275 %	0.35135 %	0.37035 %
City's proportionate share of the net pension liability	\$ 21,570	\$ 17,358	\$ 14,688
City's covered payroll	\$ 24,597	\$ 24,039	\$ 24,210
City's proportionate share of the net pension liability as a percentage of its covered payroll	87.69 %	72.21 %	60.67 %
Plan fiduciary net position as a percentage of the total pension liability	81.82 %	85.19 %	87.61 %

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

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily required contribution	\$ 2,229	\$ 2,196	\$ 2,151	\$ 2,164	\$ 2,022	\$ 2,022	\$ 1,573	\$ 1,415	\$ 1,275	\$ 1,164
Contributions in relation to the statutorily required contribution	<u>(2,229)</u>	<u>(2,196)</u>	<u>(2,151)</u>	<u>(2,164)</u>	<u>(2,022)</u>	<u>(2,022)</u>	<u>(1,573)</u>	<u>(1,415)</u>	<u>(1,275)</u>	<u>(1,164)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 24,961	\$ 24,597	\$ 24,039	\$ 24,210	\$ 23,321	\$ 23,676	\$ 22,627	\$ 21,275	\$ 20,071	\$ 19,246
Contributions as a percentage of covered-employee payroll	8.93 %	8.93 %	8.95 %	8.94 %	8.67 %	8.07 %	6.95 %	6.65 %	6.35 %	6.05 %

## **CITY OF DUBUQUE, IOWA**

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

### **IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEMS**

**YEAR ENDED JUNE 30, 2017**

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#### *Changes of benefit terms:*

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

Legislative action in 2008 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.

#### *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%.
- Decreased the assumed rate of interest on members account from 4.00% to 3.75% 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**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA**  
**LAST THREE FISCAL YEARS\***  
**(IN THOUSANDS)**

**Required Supplementary Information**

	2017	2016	2015
City's proportion of the net pension liability (asset)	4.9533 %	4.9854 %	5.0788 %
City's proportionate share of the net pension liability	\$ 30,971	\$ 23,423	\$ 18,410
City's covered payroll	\$ 13,423	\$ 13,052	\$ 12,968
City's proportionate share of the net pension liability as a percentage of its covered payroll	230.73 %	179.46 %	141.96 %
Plan fiduciary net position as a percentage of the total pension liability	78.20 %	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 preceding 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 the 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**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily required contribution	\$ 3,513	\$ 3,727	\$ 3,969	\$ 3,906	\$ 3,310	\$ 3,177	\$ 2,404	\$ 1,966	\$ 2,078	\$ 2,632
Contributions in relation to the statutorily required contribution	<u>(3,513)</u>	<u>(3,727)</u>	<u>(3,969)</u>	<u>(3,906)</u>	<u>(3,310)</u>	<u>(3,177)</u>	<u>(2,404)</u>	<u>(1,966)</u>	<u>(2,078)</u>	<u>(2,632)</u>
Contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
City's covered payroll	\$ 13,552	\$ 13,423	\$ 13,052	\$ 12,968	\$ 12,672	\$ 12,831	\$ 12,080	\$ 11,565	\$ 11,083	\$ 10,330
Contributions as a percentage of covered payroll	25.92 %	27.77 %	30.41 %	30.12 %	26.12 %	24.76 %	19.90 %	17.00 %	18.75 %	25.48

**CITY OF DUBUQUE, IOWA**

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

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

**YEAR ENDED JUNE 30, 2017**

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*Changes of benefit terms:*

There were no significant changes of benefit terms.

*Changes of assumptions*

Postretirement mortality changed to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disableds set-forward one year (male only rates), with no projection of future mortality improvement.

**CITY OF DUBUQUE, IOWA**

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN (OPEB)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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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)
2014	7/1/2012	\$ -	\$ 5,720,577	\$ 5,720,577	- %	\$ 32,626,573	17.43 %
2016	7/1/2014	-	4,550,896	4,550,896	-	32,126,628	14.17
2017	7/1/2016	-	5,187,750	5,187,750	-	33,775,619	15.36

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# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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

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

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

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

**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.

**Police Expendable Gifts Fund** – This fund is used to account for contributions given to the police department to be spent for specific purposes.

# **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.

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

## **PERMANENT FUNDS**

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

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

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

**CITY OF DUBUQUE, IOWA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

---

**Special Revenue Funds**

	Road Use Tax	Section VIII Housing	Employee Benefits
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 4,376,199	\$ 182,846	\$ -
Receivables			
Property tax	-	-	43,420
Delinquent	-	-	
Succeeding year	-	-	4,490,639
Accounts and other	2,549	53,441	-
Special assessments	-	-	-
Accrued interest	-	283	-
Notes	-	-	-
Intergovernmental	746,732	-	-
Inventories	474,919	-	-
Prepaid items	8,476	370,854	-
Restricted cash and pooled cash investments	-	140,744	-
Total Assets	<u>\$ 5,608,875</u>	<u>\$ 748,168</u>	<u>\$ 4,534,059</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 189,519	\$ 179,391	\$ -
Accrued payroll	56,624	20,614	-
Intergovernmental payable	-	5,726	-
Due to other funds	-	-	-
Unearned revenue	-	6,085	-
Total Liabilities	<u>\$ 246,143</u>	<u>\$ 211,816</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues			
Succeeding year property tax	-	-	4,490,639
Special assessments	-	-	-
Grants	-	-	-
Other	-	-	8,316
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>4,498,955</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Endowment corpus	-	-	-
Inventory	474,919	-	-
Prepaid items	8,476	370,854	-
Restricted:			
Endowments	-	-	-
Library	-	-	-
Police	-	-	-
Capital improvements	4,879,337	-	-
Franchise agreement	-	-	-
Special assessments	-	-	-
Iowa Finance Authority Trust	-	-	-
Community programs	-	165,498	-
Employee benefits	-	-	35,104
Committed, capital improvements	-	-	-
Total Fund Balances	<u>5,362,732</u>	<u>536,352</u>	<u>35,104</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,608,875</u>	<u>\$ 748,168</u>	<u>\$ 4,534,059</u>

Special Revenue Funds				Capital Projects Funds			
Special Assessments	Cable TV	Library Expendable Gifts Trust	Police Expendable Gifts Trust	IFA Housing Trust	Community Development	Airport Construction	General Construction
\$ -	\$ 437,797	\$ 1,207,965	\$ 38,470	\$ 112,344	\$ 2,653,474	\$ -	\$ 640,455
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	143,938	-	-	-	-	-	-
797,921	-	-	-	-	-	-	-
-	373	1,034	-	-	21,116	1,134	177
-	-	-	-	123,383	5,747,136	-	19,160
-	-	-	-	59,940	513,884	1,764,917	34,002
-	-	-	-	-	-	-	-
-	17,192	-	-	-	4,003	-	-
-	-	-	-	-	507,910	1,910,397	2,792,903
\$ 797,921	\$ 599,300	\$ 1,208,999	\$ 38,470	\$ 295,667	\$ 9,447,523	\$ 3,676,448	\$ 3,486,697
<hr/>							
\$ -	\$ -	\$ 7,654	\$ 17,500	\$ -	\$ 336,123	\$ 1,342,066	\$ 359,697
-	12,809	-	-	-	27,806	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	585,180	-
-	-	-	-	-	-	-	-
-	12,809	7,654	17,500	-	363,929	1,927,246	359,697
<hr/>							
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	17,192	-	-	-	4,003	-	-
-	-	-	-	-	-	-	-
-	-	1,201,345	-	-	-	-	-
-	-	-	20,970	-	-	-	-
-	-	-	-	-	-	1,283,531	3,092,998
-	569,299	-	-	-	-	-	-
33,887	-	-	-	-	-	-	-
-	-	-	-	295,667	-	-	-
-	-	-	-	-	8,818,686	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
33,887	586,491	1,201,345	20,970	295,667	8,822,689	1,283,531	3,092,998
\$ 797,921	\$ 599,300	\$ 1,208,999	\$ 38,470	\$ 295,667	\$ 9,447,523	\$ 3,676,448	\$ 3,486,697

(Continued)

**CITY OF DUBUQUE, IOWA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

**EXHIBIT A-1**  
**(CONTINUED)**

	Capital Projects Funds		Permanent Funds		Total Nonmajor Governmental Funds
	Sales Tax Construction	Street Construction	Ella Lyons Peony Trail Trust	Library Gifts Trust	
<b>ASSETS</b>					
Cash and pooled cash investments	\$ 3,373,486	\$ 1,301,011	\$ -	\$ -	\$ 14,324,047
Receivables					
Property tax					
Delinquent	-	-	-	-	43,420
Succeeding year	-	-	-	-	4,490,639
Accounts and other	-	7,136	-	-	207,064
Special assessments	-	-	-	-	797,921
Accrued interest	3,537	921	44	16	28,635
Notes	657,518	-	-	-	6,547,197
Intergovernmental	193,806	3,567,439	-	-	6,880,720
Inventories	-	-	-	-	474,919
Prepaid items	-	-	-	-	400,525
Restricted cash and pooled cash investments	909,490	-	151,377	18,406	6,431,227
Total Assets	\$ 5,137,837	\$ 4,876,507	\$ 151,421	\$ 18,422	\$ 40,626,314
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 215,872	\$ 846,938	\$ -	\$ -	\$ 3,494,760
Accrued payroll	-	-	-	-	117,853
Intergovernmental payable	-	-	-	-	5,726
Due to other funds	-	-	-	-	585,180
Unearned revenue	-	-	-	-	6,085
Total Liabilities	215,872	846,938	-	-	4,209,604
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues					
Succeeding year property tax	-	-	-	-	4,490,639
Special assessments	-	-	-	-	764,034
Grants	8,921	2,263,640	-	-	3,033,139
Other	-	86,819	-	-	95,135
Total Deferred Inflows of Resources	8,921	2,350,459	-	-	8,382,947
<b>FUND BALANCES</b>					
Nonspendable:					
Endowment corpus	-	-	57,412	12,000	69,412
Inventory	-	-	-	-	474,919
Prepaid items	-	-	-	-	400,525
Restricted:					
Endowments	-	-	94,009	6,422	100,431
Library	-	-	-	-	1,201,345
Police	-	-	-	-	20,970
Capital improvements	-	-	-	-	9,255,866
Franchise agreement	-	-	-	-	569,299
Special assessments	-	-	-	-	33,887
Iowa Finance Authority Trust	-	-	-	-	295,667
Community programs	-	-	-	-	8,984,184
Employee benefits	-	-	-	-	35,104
Committed, capital improvements	4,913,044	1,679,110	-	-	6,592,154
Total Fund Balances	4,913,044	1,679,110	151,421	18,422	28,033,763
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,137,837	\$ 4,876,507	\$ 151,421	\$ 18,422	\$ 40,626,314

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**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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Special Revenue Funds

	Road Use Tax	Section VIII Housing	Employee Benefits
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 5,662,126
Special assessments	-	-	-
Intergovernmental	7,415,981	5,651,124	-
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions	-	853	-
Miscellaneous	120,579	104,099	-
<b>Total Revenues</b>	<b>7,536,560</b>	<b>5,756,076</b>	<b>5,662,126</b>
<b>EXPENDITURES</b>			
Governmental activities			
Current			
Public safety	-	-	-
Public works	5,377,480	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	5,709,406	-
General government	-	-	184
Capital projects	4,500	-	-
<b>Total Expenditures</b>	<b>5,381,980</b>	<b>5,709,406</b>	<b>184</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,154,580</b>	<b>46,670</b>	<b>5,661,942</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Premium on bonds	-	-	-
Transfers in	-	86,801	-
Transfers out	(109,564)	-	(5,650,689)
Insurance recovery	-	-	-
Sale of capital assets	500	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(109,064)</b>	<b>86,801</b>	<b>(5,650,689)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,045,516</b>	<b>133,471</b>	<b>11,253</b>
<b>FUND BALANCES, BEGINNING</b>	<b>3,317,216</b>	<b>402,881</b>	<b>23,851</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 5,362,732</b>	<b>\$ 536,352</b>	<b>\$ 35,104</b>

Special Revenue Funds				Capital Projects Funds			
Special Assessments	Cable TV	Library Expendable Gifts Trust	Police Expendable Gifts Trust	IFA Housing Trust	Community Development	Airport Construction	General Construction
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
261,233	-	-	-	216,320	2,686,016	3,122,952	-
-	-	-	-	-	44,270	211,396	-
-	-	7,898	-	-	88,190	14,363	7
37,699	127	-	-	-	55,269	-	19,374
-	-	432	81,067	-	58,304	-	5,240
3,881	577,724	185,544	-	-	-	-	2,363
<u>302,813</u>	<u>577,851</u>	<u>193,874</u>	<u>81,067</u>	<u>216,320</u>	<u>2,932,049</u>	<u>3,348,711</u>	<u>26,984</u>
-	-	-	64,470	-	-	-	-
-	-	-	-	-	-	-	-
-	541	-	-	-	10,000	-	-
-	-	244,760	-	-	123,139	-	-
-	-	-	-	167,161	3,068,502	-	-
-	507,638	-	-	-	-	-	-
-	-	-	-	-	-	2,471,016	3,493,540
<u>-</u>	<u>508,179</u>	<u>244,760</u>	<u>64,470</u>	<u>167,161</u>	<u>3,201,641</u>	<u>2,471,016</u>	<u>3,493,540</u>
302,813	69,672	(50,886)	16,597	49,159	(269,592)	877,695	(3,466,556)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	4,373	67,359	241,000	330,444	1,246,131
(299,131)	-	-	-	-	-	(202,865)	(241,000)
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,373</u>	<u>67,359</u>	<u>371,854</u>	<u>127,579</u>	<u>1,005,131</u>
3,682	69,672	(50,886)	20,970	116,518	102,262	1,005,274	(2,461,425)
30,205	516,819	1,252,231	-	179,149	8,720,427	278,257	5,554,423
<u>\$ 33,887</u>	<u>\$ 586,491</u>	<u>\$ 1,201,345</u>	<u>\$ 20,970</u>	<u>\$ 295,667</u>	<u>\$ 8,822,689</u>	<u>\$ 1,283,531</u>	<u>\$ 3,092,998</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, 2017**

**EXHIBIT A-2**  
**(CONTINUED)**

	Capital Projects Funds		Permanent Funds		Total Nonmajor Governmental Funds
	Sales Tax Construction	Street Construction	Ella Lyons Peony Trail Trust	Library Gifts Trust	
<b>REVENUES</b>					
Taxes	\$ 1,778,010	\$ 2,667,013	\$ -	\$ -	\$ 10,107,149
Special assessments	-	-	-	-	261,233
Intergovernmental	43,240	5,525,615	-	-	24,661,248
Charges for services	-	3,050	-	-	266,621
Investment earnings	10,429	3,363	-	-	173,545
Contributions	-	-	-	-	142,861
Miscellaneous	1,045	26,125	-	229	1,079,893
Total Revenues	<u>1,832,724</u>	<u>8,225,166</u>	<u>-</u>	<u>229</u>	<u>36,692,550</u>
<b>EXPENDITURES</b>					
Governmental activities					
Current					
Public safety	-	-	-	-	64,470
Public works	-	-	-	-	5,377,480
Health and social services	-	-	-	-	10,541
Culture and recreation	-	-	7,319	-	375,218
Community and economic development	-	-	-	-	8,945,069
General government	-	-	-	-	507,822
Capital projects	1,729,884	8,548,678	-	-	16,247,618
Total Expenditures	<u>1,729,884</u>	<u>8,548,678</u>	<u>7,319</u>	<u>-</u>	<u>31,528,218</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>102,840</u>	<u>(323,512)</u>	<u>(7,319)</u>	<u>229</u>	<u>5,164,332</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	230,000	-	-	-	230,000
Premium on bonds	5,298	-	-	-	5,298
Transfers in	28,198	125,172	-	-	2,129,478
Transfers out	(1,025,245)	(334,461)	-	-	(7,862,955)
Insurance recovery	-	26,312	-	-	26,312
Sale of capital assets	-	122,050	-	-	253,404
Total Other Financing Sources (Uses)	<u>(761,749)</u>	<u>(60,927)</u>	<u>-</u>	<u>-</u>	<u>(5,218,463)</u>
NET CHANGE IN FUND BALANCES	<u>(658,909)</u>	<u>(384,439)</u>	<u>(7,319)</u>	<u>229</u>	<u>(54,131)</u>
FUND BALANCES, BEGINNING	<u>5,571,953</u>	<u>2,063,549</u>	<u>158,740</u>	<u>18,193</u>	<u>28,087,894</u>
FUND BALANCES, ENDING	<u>\$ 4,913,044</u>	<u>\$ 1,679,110</u>	<u>\$ 151,421</u>	<u>\$ 18,422</u>	<u>\$ 28,033,763</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 System Fund** – This fund is used to account for the operations of the City's bus and other transit services.

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

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

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2017**

**EXHIBIT B-1**

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and pooled cash investments	\$ 926,428	\$ 825,959	\$ -	\$ 4	\$ 1,752,391
Receivables					
Accounts	391,286	4,276	-	-	395,562
Accrued interest	793	-	-	-	793
Intergovernmental	-	2,353,793	-	-	2,353,793
Prepaid items	-	9,902	-	-	9,902
Total Current Assets	1,318,507	3,193,930	-	4	4,512,441
<b>NONCURRENT ASSETS</b>					
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
Construction in progress	-	4,340,757	-	-	4,340,757
Accumulated depreciation	(1,604,163)	(5,095,149)	(94,663)	-	(6,793,975)
Net Capital Assets	718,419	13,402,217	803,449	-	14,924,085
Total Noncurrent Assets	718,419	13,402,217	803,449	-	14,924,085
Total Assets	2,036,926	16,596,147	803,449	4	19,436,526
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related deferred outflows	257,540	402,480	-	-	660,020
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	5,620	1,361,913	-	3,436	1,370,969
Accrued payroll	50,600	75,609	-	-	126,209
General obligation bonds payable	4,749	-	-	-	4,749
Accrued compensated absences	1,172	4,055	-	-	5,227
Accrued interest payable	2,752	-	-	-	2,752
Due to other funds	-	-	2,887	-	2,887
Total Current Liabilities	64,893	1,441,577	2,887	3,436	1,512,793
<b>NONCURRENT LIABILITIES</b>					
General obligation bonds payable	76,601	-	-	-	76,601
NC Accrued compensated absences	241,164	11,494	-	-	252,658
Net pension liability	947,077	1,480,073	-	-	2,427,150
Net OPEB Liability	208,599	82,500	-	-	291,099
Total Noncurrent Liabilities	1,473,441	1,574,067	-	-	3,047,508
Total Liabilities	1,538,334	3,015,644	2,887	3,436	4,560,301
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related deferred inflows	37,617	58,788	-	-	96,405
<b>NET POSITION</b>					
Net investment in capital assets	637,069	13,402,217	803,449	-	14,842,735
Unrestricted	81,446	521,978	(2,887)	(3,432)	597,105
Total Net Position	\$ 718,515	\$ 13,924,195	\$ 800,562	\$ (3,432)	\$ 15,439,840

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**EXHIBIT B-2**

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 4,181,579	\$ 381,665	\$ 86,887	\$ -	\$ 4,650,131
Other	3,472	77,593	-	4	81,069
<b>Total Operating Revenues</b>	<b>4,185,051</b>	<b>459,258</b>	<b>86,887</b>	<b>4</b>	<b>4,731,200</b>
<b>OPERATING EXPENSES</b>					
Employee expense	2,879,365	2,421,841	-	-	5,301,206
Utilities	18,572	88,332	-	-	106,904
Repairs and maintenance	320,053	511,814	1,325	-	833,192
Supplies and services	643,421	441,831	16,075	22,893	1,124,220
Insurance	21,899	46,279	-	-	68,178
Depreciation	319,486	726,957	27,639	-	1,074,082
<b>Total Operating Expenses</b>	<b>4,202,796</b>	<b>4,237,054</b>	<b>45,039</b>	<b>22,893</b>	<b>8,507,782</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(17,745)</b>	<b>(3,777,796)</b>	<b>41,848</b>	<b>(22,889)</b>	<b>(3,776,582)</b>
<b>NONOPERATING REVENUES</b>					
Intergovernmental	-	1,393,388	-	-	1,393,388
Investment earnings	3,217	764	-	-	3,981
Contributions	-	89,961	-	-	89,961
Interest expense	(5,472)	-	-	-	(5,472)
Gain on disposal of assets	-	10,464	-	-	10,464
<b>Net Nonoperating Revenues</b>	<b>(2,255)</b>	<b>1,494,577</b>	<b>-</b>	<b>-</b>	<b>1,492,322</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(20,000)</b>	<b>(2,283,219)</b>	<b>41,848</b>	<b>(22,889)</b>	<b>(2,284,260)</b>
<b>CAPITAL CONTRIBUTIONS</b>					
TRANSFERS IN	-	4,959,696	-	-	4,959,696
	-	1,307,589	-	26,498	1,334,087
<b>CHANGE IN NET POSITION</b>	<b>(20,000)</b>	<b>3,984,066</b>	<b>41,848</b>	<b>3,609</b>	<b>4,009,523</b>
<b>NET POSITION, BEGINNING</b>	<b>738,515</b>	<b>9,940,129</b>	<b>758,714</b>	<b>(7,041)</b>	<b>11,430,317</b>
<b>NET POSITION, ENDING</b>	<b>\$ 718,515</b>	<b>\$ 13,924,195</b>	<b>\$ 800,562</b>	<b>\$ (3,432)</b>	<b>\$ 15,439,840</b>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 4,118,291	\$ 400,587	\$ 86,888	\$ -	\$ 4,605,766
Cash payments to suppliers for goods and services	(1,001,331)	(459,417)	(90,230)	(26,498)	(1,577,476)
Cash payments to employees for services	(2,840,629)	(2,397,535)	-	-	(5,238,164)
Other operating receipts	3,472	77,593	-	4	81,069
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>279,803</b>	<b>(2,378,772)</b>	<b>(3,342)</b>	<b>(26,494)</b>	<b>(2,128,805)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	-	1,307,589	-	26,498	1,334,087
Contributions	-	5,049,657	-	-	5,049,657
Intergovernmental grant proceeds	-	1,017,993	-	-	1,017,993
Proceeds from interfund balances	-	-	2,887	-	2,887
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>7,375,239</b>	<b>2,887</b>	<b>26,498</b>	<b>7,404,624</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from issuance of debt	52,813	-	-	-	52,813
Acquisition and construction of capital assets	-	(4,330,293)	-	-	(4,330,293)
Principal Paid	(56,827)	-	-	-	(56,827)
Interest paid	(3,026)	-	-	-	(3,026)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(7,040)</b>	<b>(4,330,293)</b>	<b>-</b>	<b>-</b>	<b>(4,337,333)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	3,664	764	-	-	4,428
<b>NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS</b>	<b>276,427</b>	<b>666,938</b>	<b>(455)</b>	<b>4</b>	<b>942,914</b>
<b>CASH AND POOLED INVESTMENTS, BEGINNING</b>	<b>650,001</b>	<b>159,021</b>	<b>455</b>	<b>-</b>	<b>809,477</b>
<b>CASH AND POOLED INVESTMENTS, ENDING</b>	<b>\$ 926,428</b>	<b>825,959</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ 1,752,391</b>

	Business-type Activities - Enterprise Funds				Total Other Enterprise Funds	
	Refuse Collection	Transit	Salt	America's River Project		
RECONCILIATION OF OPERATING INCOME (LOSS)						
TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ (17,745)	\$ (3,777,796)	\$ 41,848	\$ (22,889)	\$ (3,776,582)	
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities						
Depreciation	319,486	726,957	27,639	-	1,074,082	
Change in assets and liabilities						
(Increase)Decrease in receivables	(63,288)	18,922	1	-	(44,365)	
(Increase) in inventories and prepaid items	-	(471)	-	-	(471)	
Increase (Decrease) in accounts payable	2,614	629,310	(72,830)	(3,605)	555,489	
Increase (Decrease) in accrued liabilities	(16,312)	11,278	-	-	(5,034)	
Increase (Decrease) in net pension liability	213,743	277,141	-	-	490,884	
(Increase) Decrease in deferred outflows	(130,737)	(194,477)	-	-	(325,214)	
Increase (Decrease) in deferred inflows	(48,007)	(81,665)	-	-	(129,672)	
Increase in net OPEB liability	20,049	12,029	-	-	32,078	
Total Adjustments	<u>297,548</u>	<u>1,399,024</u>	<u>(45,190)</u>	<u>(3,605)</u>	<u>1,647,777</u>	
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 279,803	\$ (2,378,772)	\$ (3,342)	\$ (26,494)	\$ (2,128,805)	

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# 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, 2017**

---

	General Service	Garage Service	Stores/ Printing
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash investments	\$ -	\$ 271,203	\$ -
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Prepaid items	-	-	-
Inventories	-	59,857	17,347
Total Current Assets	-	331,060	17,347
<b>NONCURRENT ASSETS</b>			
Capital assets			
Machinery and equipment	-	324,248	-
Accumulated depreciation	-	(159,191)	-
Net Capital Assets	-	165,057	-
Total Noncurrent Assets	-	165,057	-
Total Assets	-	496,117	17,347
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	341,528	154,941	-
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	-	27,476	-
Accrued payroll	-	30,137	-
Due to other funds	25,287	-	13,725
Total Current Liabilities	25,287	57,613	13,725
<b>NONCURRENT LIABILITIES</b>			
Net pension liability	1,255,938	569,784	-
Total Noncurrent Liabilities	1,255,938	569,784	-
Total Liabilities	1,281,225	627,397	13,725
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows	49,885	22,631	-
<b>NET POSITION</b>			
Net investment in capital assets	-	165,057	-
Unrestricted	(989,582)	(164,027)	3,622
Total Net Position (Deficit)	\$ (989,582)	\$ 1,030	\$ 3,622

---

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 2,193,319	\$ 1,118,880	\$ 3,583,402
60,599	-	60,599
1,877	957	2,834
-	97,508	97,508
-	-	77,204
<u>2,255,795</u>	<u>1,217,345</u>	<u>3,821,547</u>
 -	 -	 324,248
<u>-</u>	<u>-</u>	<u>(159,191)</u>
<u>-</u>	<u>-</u>	<u>165,057</u>
<u>-</u>	<u>-</u>	<u>165,057</u>
<u>2,255,795</u>	<u>1,217,345</u>	<u>3,986,604</u>
 -	 -	 496,469
 704,944	 1,118,237	 1,850,657
<u>-</u>	<u>-</u>	<u>30,137</u>
<u>-</u>	<u>-</u>	<u>39,012</u>
<u>704,944</u>	<u>1,118,237</u>	<u>1,919,806</u>
 -	 -	 1,825,722
<u>-</u>	<u>-</u>	<u>1,825,722</u>
<u>704,944</u>	<u>1,118,237</u>	<u>3,745,528</u>
 -	 -	 72,516
 1,550,851	 99,108	 165,057
<u>1,550,851</u>	<u>99,108</u>	<u>499,972</u>
<u>\$ 1,550,851</u>	<u>\$ 99,108</u>	<u>\$ 665,029</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, 2017**

---

	General Service	Garage Service	Stores/ Printing
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 2,387,281	\$ 2,007,007	\$ 479,951
Other	-	48,950	8
Total Operating Revenues	<u>2,387,281</u>	<u>2,055,957</u>	<u>479,959</u>
<b>OPERATING EXPENSES</b>			
Employee expense	1,774,481	1,012,902	-
Utilities	-	23,391	8,614
Repairs and maintenance	-	48,959	-
Supplies and services	-	828,223	452,235
Insurance	-	20,487	-
Depreciation	-	36,655	-
Total Operating Expenses	<u>1,774,481</u>	<u>1,970,617</u>	<u>460,849</u>
OPERATING INCOME (LOSS)	612,800	85,340	19,110
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Gain on disposal of assets	-	2,898	-
INCOME (LOSS) BEFORE TRANSFERS	612,800	88,238	19,110
TRANSFERS IN	-	-	-
CHANGE IN NET POSITION	612,800	88,238	19,110
NET POSITION (DEFICIT), BEGINNING	<u>(1,602,382)</u>	<u>(87,208)</u>	<u>(15,488)</u>
NET POSITION (DEFICIT), ENDING	<u>\$ (989,582)</u>	<u>\$ 1,030</u>	<u>\$ 3,622</u>

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Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 10,825,344	\$ 1,067,405	\$ 16,766,988
66,418	2,872	118,248
<u>10,891,762</u>	<u>1,070,277</u>	<u>16,885,236</u>
 - - -	 - - -	 2,787,383
 - - -	 - - -	 32,005
 - - -	 - - -	 48,959
11,310,618	1,074,932	13,666,008
35,888	90,581	146,956
<u>-</u>	<u>-</u>	<u>36,655</u>
<u>11,346,506</u>	<u>1,165,513</u>	<u>16,717,966</u>
 (454,744)	 (95,236)	 167,270
 - - -	 - - -	 2,898
 (454,744)	 (95,236)	 170,168
 - - -	 31,470	 31,470
 (454,744)	 (63,766)	 201,638
 2,005,595	 162,874	 463,391
 <u>\$ 1,550,851</u>	 <u>\$ 99,108</u>	 <u>\$ 665,029</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	General Service	Garage Service	Stores/ Printing
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,387,281	\$ 2,007,007	\$ 479,951
Cash payments to suppliers for goods and services	-	(904,345)	(481,991)
Cash payments to employees for services	(2,010,077)	(1,001,462)	-
Other operating receipts	-	48,950	8
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b><u>377,204</u></b>	<b><u>150,150</u></b>	<b><u>(2,032)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	-	-	-
Proceeds from interfund balances	(377,204)	-	2,032
Payment of interfund balances	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<b><u>(377,204)</u></b>	<b><u>-</u></b>	<b><u>2,032</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	-	-
Proceeds from sale of capital assets	-	2,898	-
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b><u>-</u></b>	<b><u>2,898</u></b>	<b><u>-</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	-	-
<b>NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS</b>	<b><u>-</u></b>	<b><u>153,048</u></b>	<b><u>-</u></b>
<b>CASH AND POOLED INVESTMENTS, BEGINNING</b>	<b><u>-</u></b>	<b><u>118,155</u></b>	<b><u>-</u></b>
<b>CASH AND POOLED INVESTMENTS, ENDING</b>	<b><u>\$ -</u></b>	<b><u>\$ 271,203</u></b>	<b><u>\$ -</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ <u>612,800</u>	\$ <u>85,340</u>	\$ <u>19,110</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	-	36,655	-
Change in assets and liabilities			
(Increase) Decrease in receivables	-	-	-
(Increase) Decrease in inventories and prepaid items	-	(6,726)	(2,064)
Increase (Decrease) in accounts payable	-	23,441	(19,078)
Increase (Decrease) in net pension liability	12,889	113,010	-
(Increase) Decrease in deferred outflows	(126,589)	(75,960)	-
Increase (Decrease) in deferred inflows	(95,252)	(30,702)	-
Increase (Decrease) in accrued liabilities	(26,644)	5,092	-
Total Adjustments	<u>(235,596)</u>	<u>64,810</u>	<u>(21,142)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b><u>\$ 377,204</u></b>	<b><u>\$ 150,150</u></b>	<b><u>\$ (2,032)</u></b>

### **EXHIBIT C-3**

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 10,850,694 (11,436,943)	\$ 1,067,405 (1,088,052)	\$ 16,792,338 (13,911,331) (3,011,539)
66,418	2,872	118,248
(519,831)	(17,775)	(12,284)
-	31,470	31,470
-	-	(375,172)
-	-	-
-	31,470	(343,702)
-	-	-
-	-	2,898
-	-	2,898
3,280	1,147	4,427
(516,551)	14,842	(348,661)
\$ 2,709,870	\$ 1,104,038	\$ 3,932,063
\$ 2,193,319	\$ 1,118,880	\$ 3,583,402
\$ (454,744)	\$ (95,236)	\$ 167,270
-	-	36,655
25,350	-	25,350
-	(872)	(9,662)
(90,437)	78,333	(7,741)
-	-	125,899
-	-	(202,549)
-	-	(125,954)
-	-	(21,552)
(65,087)	77,461	(179,554)
\$ (519,831)	\$ (17,775)	\$ (12,284)

# 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, 2017**

**EXHIBIT D-1**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>CABLE EQUIPMENT FUND</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 724,778	\$ 203,322	\$ 315,453	\$ 612,647
Prepays		16,997		16,997
Accounts receivable	51,414	-	1,036	50,378
Total Assets	<u>\$ 776,192</u>	<u>\$ 220,319</u>	<u>\$ 316,489</u>	<u>\$ 680,022</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 135,135	\$ 24,722	\$ 135,135	\$ 24,722
Due to other agency	641,057	195,597	181,354	655,300
Total Liabilities	<u>\$ 776,192</u>	<u>\$ 220,319</u>	<u>\$ 316,489</u>	<u>\$ 680,022</u>
<b>DOG TRACK DEPRECIATION FUND</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 744,643	\$ 120,650	\$ 37,800	\$ 827,493
Accrued interest	1,418	708	1,418	708
Total Assets	<u>\$ 746,061</u>	<u>\$ 121,358</u>	<u>\$ 39,218</u>	<u>\$ 828,201</u>
<b>LIABILITIES</b>				
Due to other agency	<u>\$ 746,061</u>	<u>\$ 121,358</u>	<u>\$ 39,218</u>	<u>\$ 828,201</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 1,469,421	\$ 323,972	\$ 353,253	\$ 1,440,140
Prepays		16,997		16,997
Accounts receivable	51,414	-	1,036	50,378
Accrued interest	1,418	708	1,418	708
Total Assets	<u>\$ 1,522,253</u>	<u>\$ 341,677</u>	<u>\$ 355,707</u>	<u>\$ 1,508,223</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 135,135	\$ 24,722	\$ 135,135	\$ 24,722
Due to other agency	1,387,118	316,955	220,572	1,483,501
Total Liabilities	<u>\$ 1,522,253</u>	<u>\$ 341,677</u>	<u>\$ 355,707</u>	<u>\$ 1,508,223</u>

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**Statistical Section (Unaudited)**  
**June 30, 2017**  
**City of Dubuque, Iowa**

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# **CITY OF DUBUQUE, IOWA**

## **STATISTICAL SECTION**

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	146
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	156
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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)**

	2008	2009	2010	2011	Fiscal - 2012
Governmental activities					
Net investment in capital assets	\$ 296,143,451	\$ 298,855,346	\$ 309,126,684	\$ 329,416,245	\$ 347,890,769
Restricted	31,970,724	27,171,123	26,064,318	23,738,199	26,180,100
Unrestricted	18,987,841	(5,280,715)	(11,256,312)	(4,891,381)	(16,876,988)
Total governmental activities net position	<u>\$ 347,102,016</u>	<u>\$ 320,745,754</u>	<u>\$ 323,934,690</u>	<u>\$ 348,263,063</u>	<u>\$ 357,193,881</u>
Business-type activities					
Net investment in capital assets	\$ 95,104,575	\$ 120,473,286	\$ 124,805,513	\$ 135,026,753	\$ 132,237,734
Restricted	554,505	770,157	129,642	893,519	957,802
Unrestricted	11,312,806	12,321,125	11,679,961	2,603,799	10,665,596
Total business-type activities net position	<u>\$ 106,971,886</u>	<u>\$ 133,564,568</u>	<u>\$ 136,615,116</u>	<u>\$ 138,524,071</u>	<u>\$ 143,861,132</u>
Primary government					
Net investment in capital assets	\$ 391,248,026	\$ 419,328,632	\$ 433,932,197	\$ 464,442,998	\$ 480,128,503
Restricted	32,525,229	27,941,280	26,193,960	24,631,718	27,137,902
Unrestricted	30,300,647	7,040,410	423,649	(2,287,582)	(6,211,392)
Total primary government net positions	<u>\$ 454,073,902</u>	<u>\$ 454,310,322</u>	<u>\$ 460,549,806</u>	<u>\$ 486,787,134</u>	<u>\$ 501,055,013</u>

TABLE 1

Year	2013	2014	2015	2016	2017
	\$ 342,046,442	\$ 354,732,451	\$ 348,173,267	\$ 369,244,904	\$ 375,578,520
	23,491,207	21,501,638	22,047,405	21,473,309	23,955,112
	(8,361,688)	(18,151,279)	(49,579,334)	(47,166,839)	(43,921,629)
	<u>\$ 357,175,961</u>	<u>\$ 358,082,810</u>	<u>\$ 320,641,338</u>	<u>\$ 343,551,374</u>	<u>\$ 355,612,003</u>
	\$ 138,498,777	\$ 138,842,390	\$ 148,487,126	\$ 161,326,743	\$ 164,448,390
	6,011,848	5,315,519	7,796,668	4,254,907	3,796,752
	(641,384)	(593,202)	(4,568,933)	(7,339,071)	(3,876,760)
	<u>\$ 143,869,241</u>	<u>\$ 143,564,707</u>	<u>\$ 151,714,861</u>	<u>\$ 158,242,579</u>	<u>\$ 172,121,902</u>
	\$ 480,545,219	\$ 493,574,841	\$ 496,660,393	\$ 530,571,647	\$ 540,026,910
	29,503,055	26,817,157	29,844,073	25,728,216	27,751,864
	(9,003,072)	(18,744,481)	(54,148,267)	(54,505,910)	(40,044,869)
	<u>\$ 501,045,202</u>	<u>\$ 501,647,517</u>	<u>\$ 472,356,199</u>	<u>\$ 501,793,953</u>	<u>\$ 527,733,905</u>

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

	Fiscal -				
	2008	2009	2010	2011	2012
Expenses					
Governmental activities:					
Public safety	\$ 16,966,210	\$ 22,038,265	\$ 22,067,988	\$ 23,759,068	\$ 26,326,367
Public works	18,847,068	19,079,688	22,121,629	18,978,423	22,917,747
Health and social services	800,566	849,237	852,099	1,072,347	913,954
Culture and recreation	10,857,409	12,640,716	11,446,084	10,911,733	12,749,558
Community and economic development	11,961,584	12,693,140	15,422,099	12,890,841	22,030,950
General government	5,804,003	6,423,908	7,963,016	9,052,704	6,133,983
Interest on long-term debt	2,577,417	3,164,126	3,101,897	3,294,951	3,294,912
Total governmental activities expenses	<u>67,814,257</u>	<u>76,889,080</u>	<u>82,974,812</u>	<u>79,960,067</u>	<u>94,367,471</u>
Business-type activities:					
Sewage disposal works	6,141,524	6,326,708	6,631,326	7,899,011	9,718,669
Water utility	4,814,692	6,100,491	6,093,827	6,523,993	7,410,710
Stormwater utility	1,706,735	2,138,198	2,213,144	2,811,321	2,750,767
Parking facilities	2,173,110	2,147,405	4,003,776	4,775,834	3,152,055
America's River Project	126,699	61,927	423,158	180,086	22,787
Refuse collection	2,724,050	2,788,665	2,703,887	2,828,891	3,173,075
Transit system	2,703,983	2,625,145	2,832,066	2,947,958	3,629,750
Salt	-	-	-	671,647	661,395
Total business-type activities expenses	<u>20,390,793</u>	<u>22,188,539</u>	<u>24,901,184</u>	<u>28,638,741</u>	<u>30,519,208</u>
Total primary government expenses	<u>\$ 88,205,050</u>	<u>\$ 99,077,619</u>	<u>\$ 107,875,996</u>	<u>\$ 108,598,808</u>	<u>\$ 124,886,679</u>
Program Revenues					
Governmental activities:					
Charges for services					
Public safety	2,088,723	2,020,625	2,348,064	2,579,573	2,915,562
Public works	4,061,883	4,456,364	4,046,583	5,331,667	5,178,439
Culture and recreation	2,109,571	2,279,688	2,192,886	2,108,177	2,321,553
Other activities	1,382,889	1,557,597	2,412,880	2,530,234	2,873,298
Operating grants and contributions	11,709,123	12,599,967	20,830,113	14,204,627	23,013,997
Capital grants and contributions	8,032,602	4,811,729	10,748,522	23,482,866	16,560,811
Total governmental activities program revenues	<u>29,384,791</u>	<u>27,725,970</u>	<u>42,579,048</u>	<u>50,237,144</u>	<u>52,863,660</u>
Business-type activities:					
Charges for services					
Sewage disposal works	5,484,079	5,904,535	5,893,730	6,643,974	7,827,281
Water utility	4,875,530	5,320,642	5,326,202	5,638,277	6,037,073
Stormwater utility	1,766,334	2,291,249	2,282,625	2,993,539	3,180,134
Parking facilities	2,141,607	2,224,185	2,399,843	2,750,610	2,908,989
America's River Project	2,140	-	7,000	-	-
Refuse collection	2,710,583	2,872,649	2,893,017	3,082,197	3,257,960
Transit system	195,817	196,260	273,433	193,236	278,835
Salt	-	-	-	773,258	665,942
Operating grants and contributions	1,209,636	1,095,946	1,652,277	2,773,933	1,579,493
Capital grants and contributions	2,830,263	3,613,321	3,800,582	6,536,527	5,323,486
Total business-type activities program revenues	<u>21,215,989</u>	<u>23,518,787</u>	<u>24,528,709</u>	<u>31,385,551</u>	<u>31,059,193</u>
Total primary government program revenues	<u>\$ 50,600,780</u>	<u>\$ 51,244,757</u>	<u>\$ 67,107,757</u>	<u>\$ 81,622,695</u>	<u>\$ 83,922,853</u>

TABLE 2

Year	2013	2014	2015	2016	2017
\$ 28,292,481	\$ 27,578,517	\$ 25,525,937	\$ 26,851,624	\$ 30,020,343	
21,607,536	21,306,882	19,207,837	24,323,023	19,608,137	
716,970	1,055,398	928,968	967,936	815,251	
13,647,178	13,696,331	13,002,690	12,993,331	13,653,509	
17,388,720	14,591,257	18,064,831	15,464,781	18,096,170	
6,248,483	9,610,084	6,420,173	4,101,423	8,982,668	
4,049,640	3,684,993	3,903,667	2,963,134	3,467,685	
<u>91,951,008</u>	<u>91,523,462</u>	<u>87,054,103</u>	<u>87,665,252</u>	<u>94,643,763</u>	
9,375,748	11,481,103	12,019,866	12,817,669	9,442,558	
6,817,772	8,812,340	7,800,393	6,483,229	5,928,941	
3,347,304	3,431,096	4,131,562	5,021,523	4,067,374	
3,586,405	3,732,492	3,383,419	3,420,296	3,126,823	
22,770	33,579	24,000	21,521	22,893	
3,468,859	3,750,366	3,740,404	3,968,761	4,202,796	
3,492,095	3,847,320	4,245,823	4,274,967	4,237,054	
346,066	56,468	244,691	181,617	45,039	
<u>30,457,019</u>	<u>35,144,764</u>	<u>35,590,158</u>	<u>36,189,583</u>	<u>31,073,478</u>	
<u>\$ 122,408,027</u>	<u>\$ 126,668,226</u>	<u>\$ 122,644,261</u>	<u>\$ 123,854,835</u>	<u>\$ 125,717,241</u>	
2,495,737	2,624,455	2,532,114	2,713,065	2,930,068	
4,472,479	5,829,293	6,092,356	5,765,075	5,681,107	
2,488,844	2,321,265	2,547,843	2,723,270	2,767,636	
3,264,979	3,921,256	3,493,143	3,887,056	3,541,205	
13,995,316	12,784,907	11,992,439	15,301,219	15,028,527	
10,791,945	12,162,649	9,704,043	18,667,619	13,360,280	
<u>37,509,300</u>	<u>39,643,825</u>	<u>36,361,938</u>	<u>49,057,304</u>	<u>43,308,823</u>	
8,924,785	10,025,673	10,582,662	12,158,439	12,442,584	
6,922,582	7,248,790	7,463,430	8,406,928	8,553,225	
3,192,256	3,224,504	3,490,040	3,754,148	4,076,396	
2,883,865	2,920,148	3,036,214	3,247,383	3,286,947	
-	-	-	1,605	4	
3,346,795	3,700,922	3,783,493	3,857,340	4,185,051	
307,314	275,907	397,545	463,688	459,258	
395,000	45,600	232,271	81,720	86,887	
2,264,695	1,717,208	1,866,535	1,648,077	1,700,171	
1,240,583	2,920,942	10,020,715	7,607,721	14,160,820	
<u>29,477,875</u>	<u>32,079,694</u>	<u>40,872,905</u>	<u>41,227,049</u>	<u>48,951,343</u>	
<u>\$ 66,987,175</u>	<u>\$ 71,723,519</u>	<u>\$ 77,234,843</u>	<u>\$ 90,284,353</u>	<u>\$ 92,260,166</u>	

(Continued)

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

	Fiscal -				
	2008	2009	2010	2011	2012
Net (Expense)/Revenue					
Governmental activities	\$ (38,429,466)	\$ (49,163,110)	\$ (40,395,764)	\$ (29,722,923)	\$ (41,503,811)
Business-type activities	825,196	1,330,248	(372,475)	2,746,810	539,985
Total primary government net expense	<u>\$ (37,604,270)</u>	<u>\$ (47,832,862)</u>	<u>\$ (40,768,239)</u>	<u>\$ (26,976,113)</u>	<u>\$ (40,963,826)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
General Revenues					
Property taxes	\$ 22,744,563	\$ 23,716,819	\$ 24,876,073	\$ 28,249,114	\$ 30,816,614
Local option sales tax	8,020,889	7,649,853	8,112,471	7,929,761	8,459,888
Hotel/motel tax	1,622,455	1,611,954	1,678,806	1,826,809	1,903,944
Utility franchise fees	1,516,123	1,486,292	1,591,712	2,488,858	2,272,481
Gaming	15,346,468	9,627,391	8,209,761	13,327,223	8,785,453
Unrestricted investment earnings	2,741,499	2,215,413	1,339,709	668,363	1,529,149
Gain on sale of capital assets	92,525	407,503	-	149,937	1,417,048
Other	898,241	918,605	880,930	622,494	-
Transfers	<u>(2,252,155)</u>	<u>(24,826,982)</u>	<u>(3,104,762)</u>	<u>(1,211,263)</u>	<u>(4,749,948)</u>
Total governmental activities	<u>50,730,608</u>	<u>22,806,848</u>	<u>43,584,700</u>	<u>54,051,296</u>	<u>50,434,629</u>
Business-type activities:					
General Revenues					
Unrestricted investment earnings	630,049	433,148	294,562	184,581	206,672
Gain on sale of capital assets	11,736	2,304	23,699	19,337	84,178
Extraordinary item	-	-	-	(2,253,036)	(243,722)
Transfers	<u>2,252,155</u>	<u>24,826,982</u>	<u>3,104,762</u>	<u>1,211,263</u>	<u>4,749,948</u>
Total business-type activities	<u>2,893,940</u>	<u>25,262,434</u>	<u>3,423,023</u>	<u>(837,855)</u>	<u>4,797,076</u>
Total primary government	<u>\$ 53,624,548</u>	<u>\$ 48,069,282</u>	<u>\$ 47,007,723</u>	<u>\$ 53,213,441</u>	<u>\$ 55,231,705</u>
Change in Net Position					
Governmental activities	\$ 12,301,142	\$ (26,356,262)	\$ 3,188,936	\$ 24,328,373	\$ 8,930,818
Business-type activities	3,719,136	26,592,682	3,050,548	1,908,955	5,337,061
Total primary government	<u>\$ 16,020,278</u>	<u>\$ 236,420</u>	<u>\$ 6,239,484</u>	<u>\$ 26,237,328</u>	<u>\$ 14,267,879</u>

**TABLE 2**  
(continued)

Year	2013	2014	2015	2016	2017
	\$ (54,441,708)	\$ (51,879,637)	\$ (50,692,165)	\$ (38,607,948)	\$ (51,334,940)
	<u>(979,144)</u>	<u>(3,065,070)</u>	<u>5,282,747</u>	<u>5,037,466</u>	<u>12,522,340</u>
	<u>\$ (55,420,852)</u>	<u>\$ (54,944,707)</u>	<u>\$ (45,409,418)</u>	<u>\$ (33,570,482)</u>	<u>\$ (38,812,600)</u>
	\$ 32,668,554	\$ 33,264,283	\$ 36,277,719	\$ 36,518,506	\$ 39,678,473
	8,764,787	8,211,366	8,760,246	9,155,411	8,890,046
	1,953,763	2,006,514	2,623,551	2,128,042	2,821,745
	2,568,347	2,609,421	2,828,688	4,360,107	4,558,847
	8,452,298	7,878,008	7,397,709	8,440,161	8,098,324
	201,153	777,958	668,134	1,082,165	335,577
	907,122	483,782	19,495	813,492	83,720
	<u>(1,092,236)</u>	<u>(2,444,846)</u>	<u>(7,288,593)</u>	<u>(979,900)</u>	<u>(1,071,163)</u>
	<u>54,423,788</u>	<u>52,786,486</u>	<u>51,286,949</u>	<u>61,517,984</u>	<u>63,395,569</u>
	65,351	135,461	185,356	407,528	231,746
	384,697	180,229	6,571	102,824	54,074
	(555,031)	-	-	-	-
	<u>1,092,236</u>	<u>2,444,846</u>	<u>7,288,593</u>	<u>979,900</u>	<u>1,071,163</u>
	<u>987,253</u>	<u>2,760,536</u>	<u>7,480,520</u>	<u>1,490,252</u>	<u>1,356,983</u>
	<u>\$ 55,411,041</u>	<u>\$ 55,547,022</u>	<u>\$ 58,767,469</u>	<u>\$ 63,008,236</u>	<u>\$ 64,752,552</u>
	\$ (17,920)	\$ 906,849	\$ 594,784	\$ 22,910,036	\$ 12,060,629
	<u>8,109</u>	<u>(304,534)</u>	<u>12,763,267</u>	<u>6,527,718</u>	<u>13,879,323</u>
	<u>\$ (9,811)</u>	<u>\$ 602,315</u>	<u>\$ 13,358,051</u>	<u>\$ 29,437,754</u>	<u>\$ 25,939,952</u>

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

	2008	2009	2010	2011*	2012	Fiscal -
General Fund						
Reserved	\$ 1,699,825	\$ 4,864,701	\$ 5,199,760	\$ -	\$ -	-
Unreserved	17,982,016	14,206,181	8,622,705	-	-	-
Nonspendable	-	-	-	868,631	5,613,359	
Restricted						
Assigned	-	-	-	8,904,490	5,549,803	
Unassigned	-	-	-	6,139,306	9,371,016	
Total general fund	<u>\$ 19,681,841</u>	<u>\$ 19,070,882</u>	<u>\$ 13,822,465</u>	<u>\$ 15,912,427</u>	<u>\$ 20,534,178</u>	
All Other Governmental Funds						
Reserved	\$ 31,887,038	\$ 19,634,305	\$ 24,404,656	\$ -	\$ -	-
Unreserved, reported in:						
Special revenue funds	7,431,931	5,981,390	4,011,022	-	-	
Debt service fund	-	-	-	-	-	
Capital projects funds	7,875,448	5,659,214	(989,025)	-	-	
Permanent funds	33,958	35,550	33,273	-	-	
Nonspendable	-	-	-	10,320,305	10,975,468	
Restricted	-	-	-	18,010,570	31,362,126	
Committed	-	-	-	5,203,472	5,843,671	
Unassigned	-	-	-	(377,363)	(429,344)	
Total all other governmental funds	<u>\$ 47,228,375</u>	<u>\$ 31,310,459</u>	<u>\$ 27,459,926</u>	<u>\$ 33,156,984</u>	<u>\$ 47,751,921</u>	

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

**TABLE 3**

Year	2013	2014	2015	2016	2017
\$	-	\$ -	\$ -	\$ -	\$ -
6,646,278	6,549,063	6,082,043	6,049,052	5,585,672	2,208
3,434,440	1,904,805	647,772	1,015,935	1,590,065	
8,806,171	7,356,066	8,693,524	10,908,497	12,582,596	
<b>\$ 18,886,889</b>	<b>\$ 15,809,934</b>	<b>\$ 15,423,339</b>	<b>\$ 17,973,484</b>	<b>\$ 19,760,541</b>	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$	-	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,092,520	8,640,780	1,183,423	553,292	944,856	
30,738,046	23,620,615	30,496,183	27,450,187	28,103,397	
10,827,172	10,548,592	12,298,896	7,635,502	6,592,154	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>\$ 50,657,738</b>	<b>\$ 42,809,987</b>	<b>\$ 43,978,502</b>	<b>\$ 35,638,981</b>	<b>\$ 35,640,407</b>	

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

	2008	2009	2010	2011	Fiscal - 2012
<b>Revenues</b>					
Taxes	\$ 33,898,692	\$ 34,454,146	\$ 36,252,156	\$ 40,428,894	\$ 43,443,669
Special assessments	177,585	250,372	318,178	232,535	596,138
Licenses and permits	1,153,429	1,088,386	1,115,472	1,170,922	1,570,022
Intergovernmental	14,256,523	15,796,822	27,310,624	26,171,082	37,574,783
Charges for services	7,833,151	8,029,189	8,063,284	8,723,086	9,296,329
Fines and forfeits	188,603	199,839	224,601	454,117	525,389
Investment earnings	2,731,953	2,206,382	1,348,615	654,587	1,511,437
Contributions	6,134,002	1,369,759	2,333,995	1,297,621	1,578,376
Gaming	15,346,468	9,627,391	8,209,761	13,327,223	8,785,453
Miscellaneous	1,269,376	1,600,679	2,111,834	2,075,262	1,319,558
Total revenues	<u>82,989,782</u>	<u>74,622,965</u>	<u>87,288,520</u>	<u>94,535,329</u>	<u>106,201,154</u>
<b>Expenditures</b>					
<b>Current</b>					
Public safety	21,542,661	21,335,192	21,979,729	23,950,386	24,476,772
Public works	16,331,107	14,261,551	19,251,625	14,429,415	12,385,929
Health and social services	797,644	815,873	813,609	1,040,114	828,837
Culture and recreation	10,277,787	12,227,506	14,909,517	11,279,951	10,873,474
Community and economic development	11,847,512	11,953,279	14,654,816	12,361,176	22,237,140
General government	6,310,939	5,836,839	6,368,308	7,686,929	6,335,947
<b>Debt service</b>					
Principal	1,762,375	2,169,678	2,651,765	2,820,371	3,224,680
Interest	2,406,431	3,095,166	3,145,735	3,321,157	3,220,546
<b>Capital projects</b>	<u>15,351,848</u>	<u>24,274,120</u>	<u>14,831,118</u>	<u>15,102,893</u>	<u>23,459,891</u>
Total expenditures	<u>86,628,304</u>	<u>95,969,204</u>	<u>98,606,222</u>	<u>91,992,392</u>	<u>107,043,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,638,522)</u>	<u>(21,346,239)</u>	<u>(11,317,702)</u>	<u>2,542,937</u>	<u>(842,062)</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	23,083,696	5,905,000	4,722,176	6,996,722	27,215,363
Discount on bonds	(266,158)	(48,516)	(31,990)	(39,547)	(71,689)
Premiums on bonds	-	-	554,796	1,642	123,990
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	14,801,589	7,451,152	7,993,297	15,850,523	8,773,387
Transfers out	(18,185,109)	(9,084,228)	(10,562,137)	(18,961,892)	(18,336,603)
Insurance recovery	-	-	-	628,482	132,425
Sale of capital assets	2,901,190	593,956	62,610	753,153	2,221,877
Total other financing sources (uses)	<u>22,425,208</u>	<u>4,817,364</u>	<u>2,218,752</u>	<u>5,244,083</u>	<u>20,058,750</u>
Net change in fund balances	<u>\$ 18,786,686</u>	<u>\$ (16,528,875)</u>	<u>\$ (9,098,950)</u>	<u>\$ 7,787,020</u>	<u>\$ 19,216,688</u>
Debt service as a percentage of noncapital expenditures	6.55 %	7.68 %	7.74 %	8.49 %	7.65 %

TABLE 4

Year	2013	2014	2015	2016	2017
\$	45,440,973	\$ 46,034,361	\$ 50,490,204	\$ 51,580,084	\$ 55,949,111
	175,486	154,692	85,501	111,193	261,233
	1,271,771	1,136,941	1,198,420	1,480,643	1,505,564
	26,580,831	23,050,052	20,828,524	29,302,824	26,314,297
	8,952,179	10,264,257	10,711,243	10,919,854	10,816,025
	484,128	455,219	362,661	421,925	484,687
	180,016	756,809	668,134	1,082,165	335,577
	370,154	678,561	789,268	1,440,405	689,237
	8,452,298	7,878,008	7,397,709	8,440,161	8,098,324
	1,315,915	1,705,275	1,466,542	1,367,875	1,811,681
	<u>93,223,751</u>	<u>92,114,175</u>	<u>93,998,206</u>	<u>106,147,129</u>	<u>106,265,736</u>
	26,506,714	27,644,190	27,570,773	28,036,551	29,155,128
	13,416,108	13,942,772	11,200,427	14,597,823	11,728,716
	680,466	1,049,194	939,172	1,015,987	868,280
	11,218,019	12,351,497	12,300,454	11,909,029	12,397,294
	18,678,496	14,420,980	16,418,909	13,473,413	16,474,553
	5,035,108	5,898,293	5,977,605	6,436,114	7,287,586
	3,182,240	4,595,808	4,910,735	10,302,412	17,615,698
	3,991,115	3,650,694	3,577,829	3,707,268	3,579,807
	<u>16,636,698</u>	<u>18,779,651</u>	<u>14,829,037</u>	<u>31,504,581</u>	<u>16,260,851</u>
	<u>99,344,964</u>	<u>102,333,079</u>	<u>97,724,941</u>	<u>120,983,178</u>	<u>115,367,913</u>
	(6,121,213)	(10,218,904)	(3,726,735)	(14,836,049)	(9,102,177)
	6,577,268	-	11,137,321	3,933,882	230,000
	-	-	72,852	292,521	319,384
	-	-	-	-	-
	4,949,148	-	-	-	11,023,700
	(4,949,148)	-	-	4,650,000	-
	15,295,630	15,862,516	18,073,553	17,397,007	18,814,586
	(16,981,203)	(17,294,762)	(25,241,795)	(18,376,907)	(19,917,219)
	49,209	59,796	106,288	86,359	41,345
	2,438,837	666,648	360,436	1,063,814	378,861
	<u>7,379,741</u>	<u>(705,802)</u>	<u>4,508,655</u>	<u>9,046,676</u>	<u>10,890,657</u>
	<u>\$ 1,258,528</u>	<u>\$ (10,924,706)</u>	<u>\$ 781,920</u>	<u>\$ (5,789,373)</u>	<u>\$ 1,788,480</u>
	8.57 %	9.51 %	9.97 %	15.17 %	20.94 %

**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 Assessed Value	Total Direct Tax Rate
		Taxable Value	Assessed Value	Real Property	Taxable Value	Assessed Value			
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	
2015	2017	2,652,700	3,914,425	8,086	2,644,614	3,914,425	67.56	11.16739	

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
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
2015	2017	11.16739	14.97697	0.63146	0.93757	6.29673	34.01012	32.84

Separate components of the Dubuque City Rate is as follows:

Levy Year	Fiscal Year	General	Public Transit	Insurance	Employee Benefits	Debt Service	Total
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
2015	2017	8.10000	0.49739	0.14963	2.30637	0.11400	11.16739

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	2017			2008			Percentage of Total City Taxable Value	
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank			
			2.40 %					
Peninsula Gaming Company LLC	\$ 63,779	1						
Kennedy Mall Inc.	38,926	2	1.47	\$ 26,372	1		1.45 %	
Walter Development LLC	28,270	3	1.07	11,288	6		0.62	
Progressive Processing LLC (Hormel)	25,370	4	0.96					
Medical Associates Realty LLC	21,353	5	0.80	13,631	4		0.75	
The McGraw Hill Companies Inc.	16,225	6	0.61	11,437	5		0.63	
Queck Capital Management LLC	15,853	7	0.60					
Platinum Holdings LLC	15,749	8	0.59	11,179	7		0.61	
Nordstrom, Inc.	14,800	9	0.56	16,834	3		0.92	
Flexsteel Industries Inc.	13,332	10	0.50					
Otto A LLC				17,500	2		0.96	
Asbury Dubuque LLC				9,896	8		0.54	
Minglewood Limited Partnership				9,948	9		0.55	
American Trust & Savings Bank				9,947	10		0.55	
	<u>\$ 253,657</u>		<u>9.56 %</u>	<u>\$ 138,032</u>			<u>7.58 %</u>	

Source: Dubuque County Auditor's Office

**TABLE 8**

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

Fiscal Year	Levy Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections (2)	Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
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	100.0	84	24,973	100.0	288	1.15
2017	2016	26,435	26,318	99.6	2	26,320	99.6	354	1.34

(1) Excludes tax increment levy.

(2) Includes taxes collected in June by the County but not received by the City until July.

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

Fiscal Year	Governmental Activities				Other Loans Payable	Business - General Obligation Bonds
	General Obligation Bonds	Tax Increment Financing Bonds	Tax Increment Financing Notes			
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	
2017	53,800,719	20,333,690	451,763	4,650,000	44,487,023	

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

2016 data changed to include premium and discounts in the outstanding computation.

(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)
	\$ 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	10	4,637
	110,513,944	33,840,566	5,209,900	273,287,605	*	4,648

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

**TABLE 10**

Fiscal Year	General Obligation Bonds	Taxable Value of Property	Percentage of Taxable Value of Property	Assessed Value of Property	Percentage of Assessed Value of Property	Per Capita
2008	\$ 33,134	\$ 1,814,365	1.83 %	\$ 2,870,178	1.15 %	574
2009	40,387	1,939,773	2.08	3,171,681	1.27	700
2010	51,770	2,023,899	2.56	3,239,112	1.60	899
2011	57,700	2,159,622	2.68	3,349,823	1.73	1,003
2012	87,962	2,243,474	3.93	3,406,186	2.59	1,530
2013	91,312	2,337,129	3.91	3,476,638	2.63	1,586
2014	85,162	2,398,151	3.56	3,503,774	2.43	1,480
2015	105,166	2,522,048	4.18	3,686,202	2.86	1,830
2016	105,451	2,508,933	4.21	3,723,003	2.84	1,808
2017	98,037	2,652,700	3.71	3,914,425	2.51	1,672

\*Prior year information has been modified to net GO Bonds with the fund balance in Debt Service.

\*General Obligation Bonds are netted with the fund balance in the Debt Service fund.

**CITY OF DUBUQUE, IOWA**  
**DIRECT AND OVERLAPPING DEBT**  
**AS OF JUNE 30, 2017**

**TABLE 11**

<b><u>Jurisdiction</u></b>	<b>Net General Obligation Bonded Debt Outstanding (1)</b>	<b>Tax Increment Financing Bonds</b>	<b>Tax Increment Financing Notes</b>	<b>Sales Tax Revenue Bonds</b>	<b>Loans Payable</b>	<b>Percentage Applicable to City</b>	<b>Amount Applicable to Government</b>
Direct, City of Dubuque, Iowa	\$ 53,800,719	\$ 20,333,690	\$ 451,763	\$ -	\$ 4,650,000	100.00 %	\$ 79,236,172
<b>Overlapping:</b>							
Dubuque County	11,435,000	-	-	-	324,245	0.06 %	7,056
Dubuque Community School District	-	-	-	54,513,000	-	99.88 %	54,447,584
Northeast Iowa Community College	-	-	-	-	41,925,000	0.06 %	25,155
<b>Total Overlapping</b>	<b>11,435,000</b>	<b>-</b>	<b>-</b>	<b>54,513,000</b>	<b>42,249,245</b>		<b>54,479,795</b>
<b>Total</b>	<b>\$ 65,235,719</b>	<b>\$ 20,333,690</b>	<b>\$ 451,763</b>	<b>\$ 54,513,000</b>	<b>\$ 46,899,245</b>		<b>\$ 133,715,967</b>

**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)**

	2008	2009	2010	2011
Debit limit	\$ 148,824	\$ 163,621	\$ 167,247	\$ 174,333
Total net debt applicable to limit	<u>60,485</u>	<u>76,182</u>	<u>101,152</u>	<u>92,443</u>
Legal debit margin	<u>\$ 88,339</u>	<u>\$ 87,439</u>	<u>\$ 66,095</u>	<u>\$ 81,890</u>
Total net debt applicable to the debt limit as a percentage of debt limit	40.64 %	46.56 %	60.48 %	53.03 %

TABLE 12

2012	2013	2014	2015	2016	2017
\$ 177,668	\$ 181,668	\$ 183,621	\$ 193,114	\$ 196,031	\$ 207,174
142,316	143,303	149,923	173,597	165,838	143,800
<u>\$ 35,352</u>	<u>\$ 38,365</u>	<u>\$ 33,698</u>	<u>\$ 19,517</u>	<u>\$ 30,193</u>	<u>\$ 63,374</u>
80.10 %	78.88 %	81.65 %	89.89 %	84.60 %	69.41 %

#### Legal Debt Margin Calculation for Fiscal Year 2017

Estimated actual value	<u>\$ 4,143,482,182</u>
Debt limit - 5% of total actual valuation	\$ 207,174,109
Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund)	<u>\$ (143,800,280)</u>
Legal debt margin	<u>\$ 63,373,829</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	
<b>WATER UTILITY</b>							
2008	\$ 4,933	\$ 3,959	\$ 974	\$ 39	\$ 57	\$ 96	10.15
2009	5,391	5,196	195	70	52	122	1.60
2010	5,353	5,153	200	70	182	252	0.79
2011	5,680	a 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
2017	8,589	4,678	3,911	488	291	779	5.02
<b>STORMWATER UTILITY</b>							
2009	2,402	1,309	1,093	75	58	133	8.22
2010	2,357	1,320	1,037	100	178	278	3.73
2011	3,023	1,679	1,344	231	b 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 d	629	1.87
2014	3,240	1,833	1,407	331	311 c	642	2.19
2015	3,551	2,162	1,389	341	356 c	697	1.99
2016	3,948	2,140	1,808	352	346 c	698	2.59
2017	4,224	2,601	1,623	836	797 c	1,633	0.99
<b>SEWAGE DISPOSAL WORKS</b>							
2009	6,084	5,093	991	-	7	7	141.57
2010	5,995	5,331	664	33	382	415	1.60
2011	6,699	6,029	670	34	1,129 b	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 d	3,749	0.76
2014	10,083	6,754	3,329	2,603	1,358 c	3,961	0.84
2015	10,629	6,950	3,679	2,610	1,435 c	4,045	0.91
2016	12,237	7,702	4,535	2,652	1,454 c	4,106	1.10
2017	12,475	6,082	6,393	2,707	1,442 c	4,149	1.54
<b>PARKING BONDS</b>							
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.

a) Restated Prin & Int to remove SRF debt service classified as subordinate debt for FY2010 thru FY 2016.

b) Restated to reflect actual SRF principal and interest.

c) Includes estimated SRF debt service payments for next fiscal year based on FY ending debt balance.

d) contains estimates of prin/int pymts.

(1) Total 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**

Fiscal Year	Water Revenue	Sewer Revenue	Gallons Billed
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
2017	8,248,796	12,000,115	1,844,997,668

**Source:** Cash basis receipt ledgers.

\*Revenue includes penalties and investment earnings collected.  
 New in 2015 - revenue does not include sales tax. All years reflect this change.

**WATER RATE SCHEDULE HISTORY**

Steps	Gallons	Unit Price by Fiscal Year									
		2017	2016	2015	2014	2013	2012	2011			
First	22,440	@ \$ 0.00474	\$ 0.00447	\$ 0.00406	\$ 0.00387	\$ 0.00355	\$ 0.00309	\$ 0.00290			
Next	89,760	@ \$ 0.00387	\$ 0.00365	\$ 0.00332	\$ 0.00316	\$ 0.00290	\$ 0.00252	\$ 0.00240			
Next	261,800	@ \$ 0.00361	\$ 0.00340	\$ 0.00309	\$ 0.00294	\$ 0.00270	\$ 0.00235	\$ 0.00224			
Next	374,000	@ \$ 0.00280	\$ 0.00301	\$ 0.00274	\$ 0.00261	\$ 0.00239	\$ 0.00208	\$ 0.00198			
Excess		@ \$ 0.00280	\$ 0.00264	\$ 0.00240	\$ 0.00229	\$ 0.00210	\$ 0.00183	\$ 0.00174			

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

**TABLE 15**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Government</b>	<b>Total</b>
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
2017	21,522	2,061	83	114	23,780

**CITY OF DUBUQUE, IOWA**  
**LARGEST WATER AND SEWER CUSTOMERS**  
**FISCAL YEAR 2017**

**TABLE 16**

Customer	Water Receipts	Rank	Percentage of Total Water Receipts	Sewer Receipts	Rank	Percentage of Total Sewer Receipts
Rousselot Inc #155296	\$ 389,690	1	4.72 %			
Hormel Foods Corporation*	177,151	2	2.15	\$ 400,120	1	3.33 %
Prairie Farms Dairy Inc	121,670	3	1.48			
Hormel Foods Corporation*	105,165	4	1.27	232,069	2	1.93
Krieg Boys	52,827	5	0.64			
Finley Hospital	51,540	6	0.62	86,739	4	0.72
Premier Linen & Dry Cleaning	50,848	7	0.62	105,303	3	0.88
Peninsula Gaming Co LLC	48,273	8	0.59	65,153	9	0.54
Tablemound Investments	41,690	9	0.51	84,860	5	0.71
Mercy Medical Center*	39,873	10	0.48			
Stonehill Nursing Home				66,235	8	0.55
Grand Harbor Resort & Waterpark				56,532	10	0.47
Alpine Park Community				69,262	7	0.58
Dubuque Historical Society				77,063	6	0.64
Total Receipts	\$ <u>8,248,796</u>			\$ <u>12,000,115</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, 2017**

**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 *	3,945,134	-	3,945,134	(323,100)	3,622,034
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

\* 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

<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (2)</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
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	2,734,454,184	46,794	38	10,588	3.9
2017	58,799	*	*	38	10,556	2.9

**Data Sources:**

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

\* Unavailable at report date.

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

**TABLE 19**

Employer	2017			2008		
	# of Employees	Rank	Percentage of Total City Employment(1)	# of Employees	Rank	Percentage of Total City Employment(1)
Dubuque Community Schools	2,670	1	4.88 %	1,800	1	3.44 %
John Deere (2)	2,600	2	4.75	1,627	2	3.10
Mercy Medical Center	1,360	3	2.49	1,324	3	2.53
Medical Associates	1,030	4	1.88	743	6	1.42
Unity Point Health-Finley Hospital	900	5	1.65	920	4	1.76
City of Dubuque	820	6	1.50	750	5	1.43
Andersen Windows	750	7	1.37	604	7	1.15
Cottingham & Butler	572	8	1.05			
Sedgwick	550	9	1.01			
Dubuque Bank & Trust and Heartland Financial USA,	538	10	0.98			
Prudential Retirement				450	10	0.86
Dubuque County				450	10	0.86
Flexsteel				550	8	1.05
Woodward Communications, Inc.				500	9	0.95
	<u><u>11,790</u></u>		<u><u>21.56 %</u></u>	<u><u>9,718</u></u>		<u><u>18.55 %</u></u>

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.

**CITY OF DUBUQUE, IOWA**

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

				Full- Time
	2008	2009	2010	2011
Public Safety				
Emergency Communications	11.00	13.00	13.00	13.00
Fire	90.00	90.00	90.00	90.00
Police	101.00	108.67	110.84	113.34
Building Services	7.00	8.00	8.00	9.00
Public Works				
Public Works	87.00	88.00	87.42	87.42
Engineering	25.00	26.00	26.00	27.00
Health & Social Services				
Health Services	4.00	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	22.51	22.50
Recreation	7.93	7.93	8.43	8.93
Community & Economic Development				
Community / Economic Dev	3.00	3.00	3.00	3.00
Housing Services	18.00	22.00	22.00	22.25
Planning Services	8.00	8.00	8.00	8.00
General Government				
Airport	12.00	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	13.50	15.00	15.00
Finance	14.00	14.00	14.00	14.00
Legal	3.00	4.00	4.66	5.00
Information Services	7.00	7.00	7.00	7.00
Business Type				
Water	23.00	23.00	24.00	25.00
Water & Resource Recovery Center	18.00	18.00	18.00	18.00
Parking	7.00	7.50	9.00	9.00
Transit	7.00	7.00	6.00	7.00
Total	<u><u>512.00</u></u>	<u><u>532.67</u></u>	<u><u>539.01</u></u>	<u><u>546.59</u></u>

**Source:** City Budget Records

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

TABLE 20

Equivalent as of June 30					
2012	2013	2014	2015	2016	2017
13.00	13.00	13.00	13.00	13.00	14.00
90.00	90.00	90.00	90.00	90.00	90.00
114.25	115.00	115.08	115.88	116.00	116.00
9.00	9.00	9.24	11.66	12.00	12.00
87.42	86.17	86.42	86.42	86.42	86.42
27.00	29.00	29.00	29.00	30.00	30.00
4.00	4.00	4.00	4.00	4.00	4.00
4.00	5.00	5.00	5.00	5.00	5.00
0.15	0.15	0.15	0.15	0.15	0.15
18.00	19.00	19.00	19.00	19.00	19.00
23.50	23.50	23.50	23.50	23.50	22.50
9.93	9.93	9.93	10.93	11.93	11.93
3.00	3.00	4.00	4.00	2.00	2.00
23.00	25.80	27.00	26.00	21.00	25.00
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
14.00	15.00	15.00	16.00	16.00	16.00
14.00	14.00	14.08	14.88	15.00	15.00
5.00	5.00	5.00	5.00	5.00	5.00
7.00	7.50	8.00	8.00	8.00	8.00
25.00	25.00	26.00	26.00	25.00	25.00
18.00	18.00	18.00	18.00	17.00	17.00
9.00	9.00	9.00	9.00	9.00	8.00
6.00	6.00	6.32	8.00	13.00	13.00
<b>549.25</b>	<b>557.05</b>	<b>561.72</b>	<b>568.42</b>	<b>567.00</b>	<b>570.00</b>

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

				Fiscal -
	2008	2009	2010	2011
Public Safety				
Police				
Physical arrests	5,090	6,325	6,365	6,350
Traffic violations	6,881	8,801	8,901	12,289
Parking violations	40,741	36,457	37,056	35,799
Fire				
Number of calls answered	4,699	4,480	4,557	4,884
Inspections conducted	624	443	1,035	555
Sewer				
Sewage system				
Daily average treatment in gallons	10,310,000	7,981,000	9,068,000	8,132,000
Maximum daily capacity of treatment plant in gallons	13,500,000	21,131,000	21,131,000	23,240,000
Water systems				
Daily average consumption in gallons	7,812,000	7,845,000	7,684,000	7,636,000
Maximum daily capacity of plant in gallons	17,000,000	18,000,000	18,000,000	18,000,000
Refuse (Municipal Collection)				
Tonnage	11,798	10,774	10,615	10,660

Sources: Various City Departments.

Statistics updated for fiscal year 2006, 2007 & 2008.

TABLE 21

Year	2012	2013	2014	2015	2016	2017
6,319	6,106	5,532	3,767	3,397	5,077	
11,836	12,089	8,959	7,354	9,058	9,063	
34,910	35,516	36,768	37,635	38,880	33,953	
5,307	4,792	5,165	5,603	5,750	5,990	
589	512	471	791	993	1,649	
7,817,000	10,987,000	7,091,000	7,237,000	7,016,000	7,377,000	
23,240,000	23,240,000	24,500,000	24,500,000	24,500,000	24,500,000	
7,226,000	6,953,000	7,235,000	6,956,000	7,068,184	7,200,000	
18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	
11,180	10,535	10,311	10,690	11,098	11,284	

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

	2008	2009	2010	Fiscal - 2011
Public safety				
Police				
Stations	1	1	1	1
Patrol units	19	19	22	22
Fire				
Stations	6	6	6	6
Aerial trucks	3	3	3	3
Public works				
Streets				
Miles (1)	317	320	321	325
Street lights (1)	1,855	1,877	1,916	1,931
Health and social services				
Hospital	2	2	2	2
Number of patient beds	405	405	389	389
Cultural and recreation				
Library	1	1	1	1
Golf	1	1	1	1
Parks	47	47	48	48
Acreage	898	898	901	901
Recreation				
Civic center	1	1	1	1
Swimming pools	2	2	2	2
Softball fields	8	7	7	7
Baseball fields	1	1	1	1
Tennis courts	19	20	20	20
Sewer				
Sewage system				
Miles of sanitary sewer (1)	290	295	300	300
Miles of storm sewers (1)	122	143	144	150
Number of treatment plants	1	1	1	1
Number of service connectors	21,633	21,347	21,599	21,702
Water systems				
Miles of water mains	316	317	318	319
Number of service connectors	21,243	21,347	21,986	22,092
Number of city owned fire hydrants	2,812	2,831	2,843	2,854

**Sources:** Various City Departments.

(1) City GIS System

TABLE 22

Year	2012	2013	2014	2015	2016	2017
1 22	1 22	1 22	1 22	1 22	1 22	1 22
6 3	6 3	6 3	6 3	6 3	6 3	6 3
328 2,081	329 2,084	331 2,110	333 2,161	332 2,162	336 2,184	
2 389	2 389	2 389	2 373	2 373	2 373	
1 1 51 1,001	1 1 51 1,001	1 1 51 1,001	1 1 53 974	1 1 53 974	1 1 53 974	
1 2 7 1 20	1 2 7 1 20	1 2 7 1 20	1 2 11 1 20	1 2 11 1 20	1 2 11 1 20	
304 155 1 22,393	304 141 1 22,428	307 144 1 22,888	320 145 1 22,928	322 147 1 23,119	326 152 1 23,343	
320 22,161 2,863	321 22,536 2,879	315 22,702 2,336	318 22,787 2,346	329 22,970 2,380	7 23,443 2,450	

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

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**Table 23**

<b>Year</b>		<b>Taxable Retail Sales</b>	<b>Number of Businesses</b>
2009	\$	961,287,890	2,026
2010		971,050,048	2,043
2011		1,014,284,468	2,009
2012		1,060,222,499	1,993
2013		1,057,837,212	2,008
2014		1,240,664,593	3,337
2015		1,305,893,119	3,347
2016		1,316,561,626	2,997
2017	*	*	

Data Sources:  
Iowa Department of Revenue

Prior years not available  
\* Unavailable at report date

**Compliance Section  
June 30, 2017  
City of Dubuque, Iowa**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, (City) as of and for the year ended June 30, 2017, 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, 2017.

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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-A to be a material weakness.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. 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, 2017 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 finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Fort Collins, Colorado  
December 21, 2017



## **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, 2017. 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 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

## 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-002 and 2017-003 that we consider 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 and corrective action plan. 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.



Fort Collins, Colorado  
December 21, 2017

City of Dubuque, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<b><u>U.S. Department of Commerce</u></b>				
Direct program:				
Economic Development Cluster				
Economic Adjustment Assistance	11.307		\$ 286,600	\$ -
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct program:				
CDBG - Entitlement Grants Cluster:				
Community Development Block				
Grants/Entitlement Grants - 2014	14.218		861,946	119,869
Community Development Block				
Grants/Entitlement Grants - 2015	14.218		233,174	-
Community Development Block				
Grants/Entitlement Grants - 2016	14.218		305,363	-
Total CDBG - Entitlement Grants Cluster			<u>1,400,483</u>	<u>119,869</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	<u>58,346</u>	<u>-</u>
Direct program:				
Shelter Plus Care	14.238		<u>71,118</u>	<u>-</u>
Direct program:				
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster				
National Disaster Resilience Competition	14.272		<u>694,681</u>	<u>-</u>
Direct program:				
Section 8 Project-Based Cluster				
Lower Income Housing Assistance Program -				
Section 8 Moderate Rehabilitation	14.856		<u>75,532</u>	<u>-</u>
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers - IA087V	14.871		5,466,591	-
Section 8 Housing Choice Vouchers - IA087FSH	14.871		<u>132,476</u>	<u>-</u>
Total Housing Voucher Cluster			<u>5,599,067</u>	<u>-</u>
Lead-Based Paint Hazard Control in				
Privately-Owned Housing	14.900		<u>1,295,576</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>9,194,803</u>	<u>119,869</u>
<b><u>U.S. Department of Justice</u></b>				
Pass-through program from:				
Iowa Department of Justice:				
Violence Against Women Formula Grants	16.588	VW-16-42B-CJ	<u>3,577</u>	<u>-</u>
Public Safety Partnership and Community				
Policing Grants	16.710	14-HotSpots-04	<u>2,798</u>	<u>-</u>
Direct program:				
Edward Byrne Memorial Justice				
Assistance Grant Program	16.738		14,745	-
Pass-through program from:				
Dubuque County Sheriff's Office:				
Edward Byrne Memorial Justice				
Assistance Grant Program	16.738	14-JAG-111022	<u>28,350</u>	<u>-</u>
Total Edward Byrne Memorial Justice			<u>43,095</u>	<u>-</u>
Direct program:				
Body Worn Camera Policy and Implementation	16.835		<u>52,248</u>	<u>-</u>
Total U.S. Department of Justice			<u>101,718</u>	<u>-</u>

City of Dubuque, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<b><u>U.S. Department of Transportation</u></b>				
Direct program:				
Airport Improvement Program - Sitework	20.106		\$ 788,867	\$ -
Airport Improvement Program - Sitework	20.106		458,823	-
Airport Improvement Program - Landside Paving	20.106		278,332	-
Airport Improvement Program - Terminal Service Road	20.106		220,085	-
Airport Improvement Program - Building Construction	20.106		61,007	-
Airport Improvement Program - Overhead Lighting	20.106		34,314	-
Airport Improvement Program - Utility Improvements	20.106		21,287	-
Airport Improvement Program - Boarding Bridge	20.106		17,588	-
Airport Improvement Program - Terminal Apron	20.106		4,316	-
Airport Improvement Program - Building Design	20.106		3,059	-
Airport Improvement Program - Pavement Study	20.106		2,718	-
			<u>1,890,396</u>	<u>-</u>
Highway Planning and Construction Cluster:				
Pass-through program from:				
Iowa Department of Transportation:				
Highway Planning and Construction	20.205	HDP-2100-(679)-71-31	1,557,252	-
Highway Planning and Construction	20.205	HDP-2100-(657)-71-31	1,323,491	-
Highway Planning and Construction	20.205	STP-U-2100(634)-70-31	1,069,799	-
Highway Planning and Construction	20.205	HDP-2100-(664)-71-31	565,804	-
Highway Planning and Construction	20.205	STP-U-2100(681)-70-31	41,407	-
Highway Planning and Construction	20.205	TAP-U-2100(683)-81-31	411,943	-
Highway Planning and Construction	20.205	SB-IA-2100(675)-7T-31	945,772	-
Highway Planning and Construction	20.205	TCSP-052-2 (129)-9S-31	1,311	-
Highway Planning and Construction	20.205	EDP-2100-(684)-7Y-31	154,193	-
Highway Planning and Construction	20.205	EDP-2100-(684)-7Y-31	34,002	-
Highway Planning and Construction	20.205	HDP-2100-(655)-70-31	65,551	-
		Total Highway Planning and Construction Cluster	<u>6,170,525</u>	<u>-</u>
Federal Transit Cluster:				
Direct program:				
Federal Transit - Formula Grants	20.507		1,012,571	-
Federal Transit - Formula Grants	20.507		99,120	-
Pass-through program from:				
Iowa Department of Transportation:				
Federal Transit - Formula Grants	20.507	2016-017-210-16	290,419	-
			<u>1,402,110</u>	<u>-</u>
Direct program:				
State of Good Repair Grants Program	20.525	IA-04-0124-00	1,147,567	-
State of Good Repair Grants Program	20.525	IA-95-X021-00	1,084,932	-
State of Good Repair Grants Program	20.525	IA-04-0124	18,024	-
			<u>2,250,523</u>	<u>-</u>
		Total Federal Transit Cluster	<u>3,652,633</u>	<u>-</u>
Pass-through program from:				
Iowa Department of Transportation:				
Formula Grants for Rural Areas	20.509	ICB-CY16	7,238	-
Transit Services Program Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	IA-2016-026-210-17	44,213	-
Highway Safety Cluster				
Iowa Department of Public Safety:				
State and Community Highway Safety	20.600	PAP 17-402-M0OP	30,838	-
State and Community Highway Safety	20.600	PAP 16-402-M0OP	7,281	-
			<u>38,119</u>	<u>-</u>
		Total Highway Safety Cluster	<u>11,803,124</u>	<u>-</u>
Total U.S. Department of Transportation				

City of Dubuque, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<b><u>Environmental Protection Agency</u></b>				
Direct program:				
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814		\$ 88,584	\$ -
Brownsfields Assessment and Cleanup Cooperative Agreements - BF97741401	66.818		96,025	
Brownsfields Assessment and Cleanup Cooperative Agreements - BF97756201	66.818		24,632	-
			<u>120,657</u>	<u>-</u>
Total Environmental Protection Agency			<u>209,241</u>	<u>-</u>
<b><u>U.S. Department of Health and Human Services</u></b>				
Pass-through program from:				
Dubuque County Health Department:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5887BT22	439	-
<b><u>Corporation for National and Community Service</u></b>				
Pass-through program from:				
Iowa Commission on Volunteers:				
AmeriCorps	94.006	16-AC-14	178,494	-
AmeriCorps	94.006	15-AC-14	28,934	-
Total Corporation for National and Community Service			<u>207,428</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security</u></b>				
Direct Program:				
Assistance to Firefighters Grant	97.044		7,252	-
Total			<u>\$ 21,810,605</u>	<u>\$ 119,869</u>

City of Dubuque, Iowa  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

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**Note 1 - Basis of Presentation**

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

City of Dubuque, Iowa  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

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**Section I – Summary of the Independent Auditor's Results**

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**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>
Section 8 Housing Choice Vouchers	14.871
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900
Airport Improvement Program	20.106
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

City of Dubuque, Iowa  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

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**Section II – Findings Related to the Financial Statements**

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**MATERIAL WEAKNESS**

**2017-A      Material Audit Adjustments and Financial Statement Preparation and Review**

*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:* We identified material adjustments to the Comprehensive Annual Financial Report (CAFR), which are necessary in order to present accurate financial information. Due to the magnitude and number of adjustments required, we have concluded that the current process for financial statement preparation and review does not allow sufficient time for management to adequately review the financial statements prior to providing a draft report at the beginning of the audit.

*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.

*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:* Management agrees with finding.

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### **Section III – Federal Award Findings and Questioned Costs**

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**2017-001      U.S Department of Housing and Urban Development  
CFDA 14.900, IALHB0604-15, 2015  
Lead-Based Paint Hazard Control**

**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 and Lead Certification**

Hazard Control Grants shall be for lead-based paint hazard control in eligible target housing, as defined under Section 217 of Public Law 104-134 (the Omnibus Consolidated Rescissions and Appropriations Act of 1996, 110 Stat. 1321, approved April 26, 1996) as amended by Section 1011(a) of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (Title X). Funds shall be available only for projects conducted using contractors and inspectors certified, through an EPA authorized program, or trained in lead-safe work practices using a HUD approved curriculum.

Non-federal entities are also 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/>, (2) collecting a certification from that entity, or (3) adding a clause or condition to the covered transaction with that entity.

*Condition:* We tested compliance and internal controls over suspension and debarment including lead abatement certification and noted two contractors out of twelve, in which there was no documentation to support the contractor was not suspended or debarred. Nor was there documentation that the City performed a lead abatement certification check to determine if the contractor was certified.

*Cause:* There is a lack of effective controls over the suspension, debarment, and certification compliance requirements.

*Effect:* Failure to provide documentation of the suspension and debarment check being performed along with lead abatement certificates may result in disallowed cost.

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### **Section III – Federal Award Findings and Questioned Costs**

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*Questioned Costs:* None reported.

*Context/Sampling:* Program expenditures for the year ended June, 30, 2017, contained only the twelve tested “covered transaction”. Lead based paint certification contained two contractors without documentation of certification. Nonstatistical sampling was used.

*Repeat Finding from Prior Years:* No.

*Recommendation:* We recommend that management review and improve the approval and documentation process for program expenditures to identify “covered transactions” and ensure suspension and debarment and lead abatement certification checks are performed.

*View of Responsible Officials:* Management agrees with finding.

**2017-002      U.S Department of Housing and Urban Development  
CFDA 14.900, IALHB0604-15, 2015  
Lead-Based Paint Hazard Control**

**Reporting and Matching  
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.

As described in the 2017 compliance supplement, Part 3 includes the requirements of 2 CFR part 200, subpart F. We consider factors such as the City’s internal controls and the internal controls over compliance requirements and tests as prescribed in 2 CFR part 200, subpart F.

*Condition:* We reviewed 3 of 8 reports. We noted the each of these reports tested indicated no approval of the report had occurred.

*Cause:* Due to insufficient controls over the reporting approval process (documentation) and matching requirements (documentation), the controls are not operating as designed to prevent, detect and correct errors timely.

*Effect:* Failure to document the review and approval of reporting requirements may result in inaccurate reporting and failure to meet matching requirements.

*Questioned Costs:* None reported.

*Context/Sampling:* A nonstatistical sample of 3 out of 8 reports submitted were tested.

*Repeat Finding from Prior Years:* No

### **Section III – Federal Award Findings and Questioned Costs**

*Recommendation:* We recommend the City review the approval process for submitting reports. The City needs to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements.

*Views of Responsible Officials:* Management agrees with finding.

**2017-003 U.S Department of Housing and Urban Development  
CFDA 14.900, IALHB0604-15, 2015  
Lead-Based Paint Hazard Control**

#### **Allowable Costs**

#### **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, regulation and the terms and conditions of the Federal award.

As described in the 2017 compliance supplement Part 3 includes the requirements of uniform guidance and 2 CFR part 200, subpart F. EB considers factors such as the City's internal controls and the internal controls over compliance requirements and tests as prescribed in 2 CFR part 200, subpart F.

#### **Improper Payments**

Under uniform guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal awards for such payments, and, as applicable, reclaim improper payments. Improper payment includes this specific criteria:

“Any payment that an agency’s review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation.”

*Condition:* We tested 60 expenditures for the June 30, 2017 fiscal year. We noted the following in our testing:

- 1 of the 60 transactions tested involved ineffective controls over approval of a payment causing a \$10 overpayment to the vendor.

City of Dubuque, Iowa  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

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**Section III – Federal Award Findings and Questioned Costs**

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*Cause:* Due to insufficient controls over the expenditure approval process (documentation) the controls are not operating as designed (or not properly implemented to prevent, detect and correct errors timely).

*Effect:* Failure to document the correct expenditures charged to the grant may result in disallowed costs.

*Questioned Costs:* None reported.

*Context/Sampling:* A nonstatistical sample of 1 out of 60 expenditures submitted for reimbursement.

*Repeat Finding from Prior Years:* No

*Recommendation:* We recommend that the City review the approval process for expenditures to determine why the controls failed and to design and implement controls that will prevent, detect and correct this from occurring in the future. The City needs to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements. The uniform guidance also refers non-Federal entities to the following two documents for best practices:

- “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General.
- “Internal Control Framework” issued by the Committee on Sponsoring Organizations (COSO)

*Views of Responsible Officials:* Management agrees with finding.

City of Dubuque, Iowa  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

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**Part IV: Other Findings Related to Required Statutory Reporting:**

**2017-IA-A Certified Budget** – Disbursements during the year ended June 30, 2017 exceeded the amount budgeted in the community and economic development 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.

**2017-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.

**2017-IA-C Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**2017-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
Ric Jones, City council member, owner of RJ Productions Music Entertainment	Services	\$ 650
John Hefel, City employee, spouse is owner of A Frame of Mind Framing & Gallery	Services	532
Peggy Kraus-Abidi, City employee, daughter is Hayden J Kraus	Services	38

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with A Frame of Mind Framing & Gallery and Hayden J. Kraus do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

**2017-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.

**2017-IA-F Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

City of Dubuque, Iowa  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

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

**2017-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.

**2017-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.

**2017-IA-I 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.

**2017-IA-J 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.