

DUBUQUE'S EAGLE POINT PARK OVERLOOKING THE MISSISSIPPI RIVER



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2018

About the Cover:

Eagle Point Park is the crown jewel of the City's park system. Local citizens and tourists from all over the world have enjoyed the park which showcases a panoramic view of Iowa, Wisconsin and Illinois, and Mississippi River Lock and Dam #11.

Judge Oliver Shiras was chairperson of a citizen's committee formed to acquire the land. In June of 1908, with aid from the Civic Division of the Dubuque's Women's Club, one hundred acres were purchased from A.L. Rhomberg. The property was then deeded to the city and became Eagle Point Park. Since the original purchase, seventeen parcels have been purchased or donated, which brings the park to its present size.

The Riverfront Pavilion, built in 1910, is the oldest pavilion in the park. The park took on a new look in the 1930s when the City hired Park Superintendent Alfred Caldwell. A Works Progress Administration grant was received and the gifted landscape architect began work. His love of Frank Lloyd Wright prairie architecture is very recognizable in the buildings and gardens. Caldwell's exceptional use of native construction materials, craftsmanship and unique designs make the park one of the most beautiful in the Midwest. The Terrance Room, Veranda Rooms, Indian Room and Bridge Complex were built in the 1930s as a W.P.A. project during the great depression.

The Shiras Memorial Pavilion is located at the walkway's end and was built in 1921, in honor of Judge Oliver Shiras, the person most responsible for the park's creation. The Log Cabin Pavilion was constructed in 1939 with funds from the National Youth Administration. It overlooks Dubuque's Point area and downtown.

History and architecture plus natural beauty make Eagle Point Park what it is today.

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**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2018
City of Dubuque, Iowa**

Prepared by:
Department of Finance

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Introductory Section
June 30, 2018
City of Dubuque, Iowa

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CITY OF DUBUQUE, IOWA
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December 12, 2018

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, 2018. 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 2018. 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, road salt 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, revitalized riverfront and millwork districts 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 September 2018, the City's unemployment rate was 1.9%, below the state unemployment rate of 2.5% and the 3.7% 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 against the negative impact from a downturn in any one area of the economy. Several industry experts and associations have recognized the community's efforts to diversify its economy.

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. 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. Medline Industries, Inc. announced plans to invest in a new 130,000-square-foot facility in the Dubuque Industrial Center West. The medical supply company will add more than 100 jobs and invest nearly \$20 million in the new customer service facility to be located on Innovation Drive. Universal Tank and Fabrication announced in November of 2017 that it plans to expand their operations. This locally-grown company manufactures high-quality pressure vessels and tanks for customers across the country. Universal Tank opened in October 2007 starting with 24 employees. Today this company employs more than 50 with plans to grow.

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.

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.

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 bringing their total local employment to nearly 700.

Historic Millwork District: The Historic Millwork District is saturated with history. It imbues the area with authenticity and character while offering valuable lessons about the importance of sustainable urban design strategies. Dubuque’s Historic Millwork District is a keystone to the region’s aggressive economic development strategy. With one million square feet of historic warehouse space ideal for urban mixed-use development, the District is perfectly suited to attract entrepreneurs, designers, residents, institutions, and businesses prepared to fuel Dubuque’s globally competitive and sustainable economy. The District is currently home to multiple eateries, breweries, and shopping venues.

Multiple projects in the area were recently awarded tax credits from the Iowa Economic Development Authority for remediation and preservation of historic buildings. Among these was the five-story building at 275 E 10th St, at \$37.2 million, Wilmac Property Co plans to renovate the building’s top four floors for commercial office space and the rehab the first floor into mixed commercial/retail space. It received a \$750,000 credit. Just a block away, a 1905 former lumber shed at 250 E 8th came away with a \$600,000 Grayfield credit. Developer Prescott LLC plans to add a mezzanine inside the building and convert the former warehouse into office space. The third project in Dubuque is the former St. Mary’s Church and Rectory, the namesake feature of downtown’s Steeple Square at 15th and White streets. Project developer SS Event Center received a credit of \$200,000.

Construction of a 54-room Marriot Townplace Suite extended-stay hotel broke ground in June 2017 and is scheduled to open in spring of 2019. 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 2018 was an exceptional year for commercial development as many businesses broke ground on new projects in Dubuque. The Plaza 20 retail center was chosen to be the site of a new VA Clinic that will occupy approximately 22,000 sq.ft. of the former K-Mart building.

American Customer Care announced plans in summer of 2017 to relocate to a 22,000-square-foot space at 2460 Kerper Boulevard. The combined investment from the company and the building owner is more than \$1,000,000 to renovate and revitalize the space. Over the next 12 to 18 months, the company plans to add an additional 180 positions at the new location.

Tri-State Independent Blind Society opened a new 13,123 square foot facility on Cedar Cross Road and sold their existing site on Asbury Road to Natural Grocers who remodeled the existing building and site and hosted their grand opening in November 2018.

Portzen Construction expanded their facility on Stone Valley drive by 12,000 square feet. This expansion also came with the addition of 30 new employees in both construction and office positions.

In 2018, Starbucks opened a new, stand-alone store on U.S. Hwy 20 / Dodge Street. In addition, Freddy's Frozen Custard opened a new restaurant in Asbury Plaza.

Health Services

ENT Medical Building began construction of a new 9,000 sq. ft. medical facility along Cedar Cross Road in the summer of 2018. In addition, Statera, an integrated health and wellness facility, constructed and opened a new 3,600 sq. ft. office building at the end of 2017.

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. Iowa Health Facilities Council did grant their approval for a certificate of need for a linear accelerator included in the project.

Education

The Dubuque community takes great pride in the quality of its educational system and it is a top priority for Dubuque citizens and leaders. Dubuque's public-school system was ranked #7 out of 2,200 school districts nationwide.

The Dubuque community schools district provides K-12 education through 11 elementary schools, three junior high schools, one middle school, and three high schools. Dubuque also offers two private school systems accredited by the State of Iowa. Holy Family Catholic Schools offers K-12 education at four elementary schools, one K-5 Spanish Immersion Program, a middle school, and a high school. The Dubuque Lutheran School offers K-5 education at one elementary school.

Dubuque boasts three private, liberal arts colleges offering a wide variety of undergraduate and graduate degree programs, a community college with a diverse certificate and degree programs, and a Bible college. The tri-state area features an additional state university and two more community colleges for a total of 18,000 college students.

Dubuque Hempstead is in the midst of a 27,000 sq. ft. aquatic facility on the north side of the school.

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 2018, more than 80 alleys have been completed.

Jule Operations and Training Center: The City of Dubuque’s Public Transit Division, completed the Jule Operations and Training Center (JOTC) in Spring, 2018. The 41,000-square-foot facility replaced the century-old facility on Central Avenue and provides numerous operating efficiencies. The JOTC was constructed on a city-owned, Superfund site. The facility includes bus storage, dispatch and administrative offices, indoor classroom and outdoor vehicle training areas. The \$6.8 million project was 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 construction is currently under way between US20 to US61-151. Highway paving will occur during the 2019 construction season. The Iowa DOT, DMATS, Dubuque County, and the City of Dubuque have budgeted - \$170 million to complete the 4-lane construction of the Southwest Arterial and is scheduled for completion in the fall of 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 \$1,243,756 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 \$370,328 net position as of June 30, 2018. 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 \$3,764,177 as of June 30, 2018. 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 Investors Service assigned a Aa3 rating to the \$9.4M GO Bonds, Series 2018A and \$1M Taxable GO Refunding Bonds, Series 2018B. Moody's maintained a Aa3 rating on outstanding general obligation unlimited tax (GOULT) debt; a Aa3 rating on outstanding second lien sales tax increment debt that is ultimately backed by an unlimited property tax pledge; and an A2 rating on outstanding senior lien sales tax increment revenue bonds. The ratings incorporate the city's large and growing tax base that serves as a regional economic center for northeast Iowa; satisfactory financial position with material revenue raising flexibility; and above average debt and pension burdens. In March 2018, Moody's also affirmed the A2 rating on the water revenue debt. The A2 rating incorporates the system's large and diverse customer base and unlimited rate setting authority and moderate debt burden with limited plans for future debt issuance. The rating also considers the system's strong debt service coverage and liquidity.

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, 2017. This was the 30th 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.

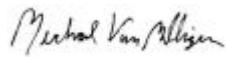
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2018. 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 13th 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,

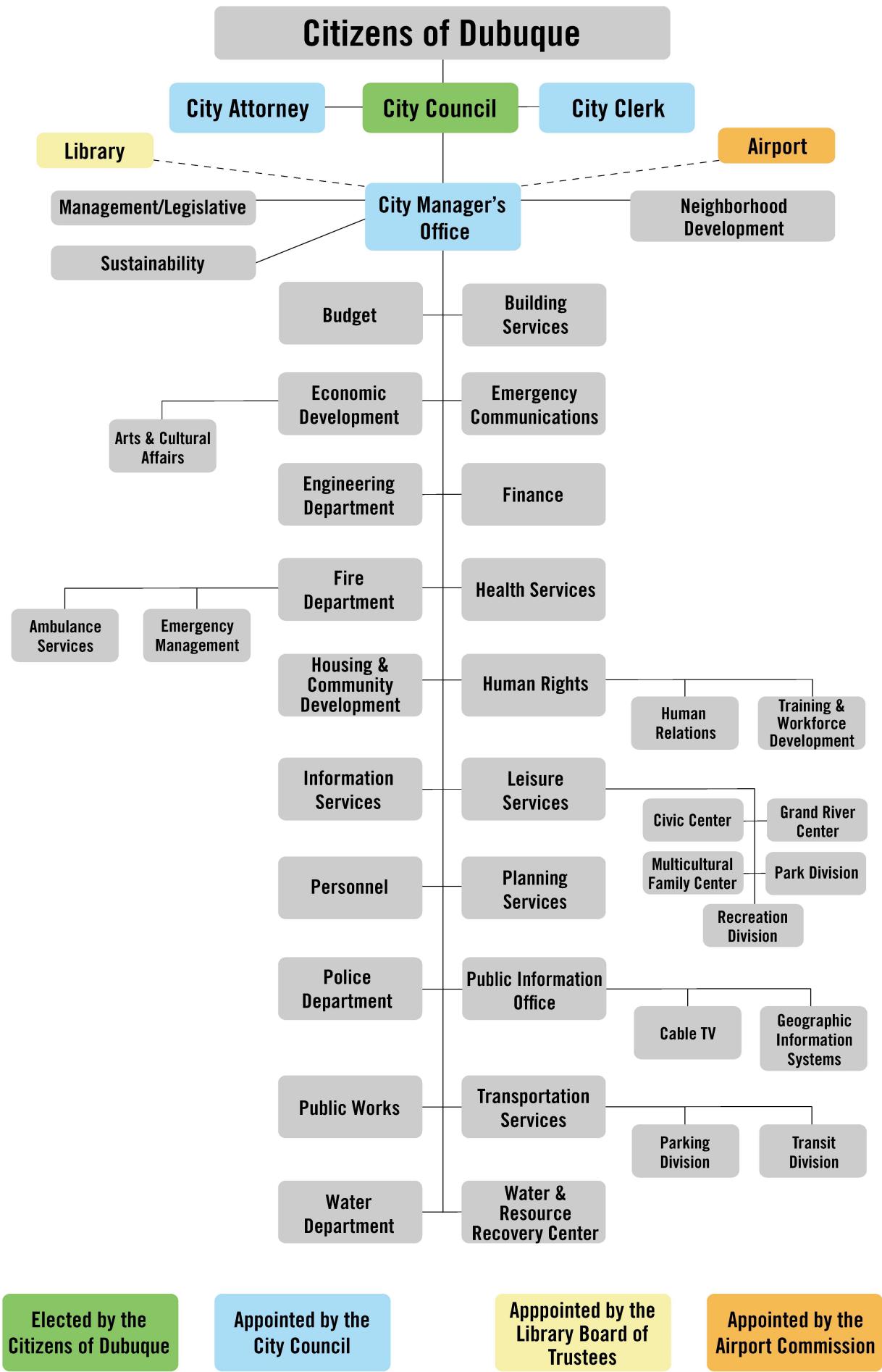


Michael C. Van Milligen
City Manager



Jean M. Nachtman, CPA, CPFO
Finance Director

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CITY OF DUBUQUE, IOWA
OFFICIALS
JUNE 30, 2018

CITY COUNCIL

Roy D. Buol	Mayor
Ric W. Jones	Council Member – At Large
David T. Resnick	Council Member – At Large
Brett M. Shaw	Council Member – 1st Ward
Luis Del Toro	Council Member – 2nd Ward
Kate M. Larson	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
David A. Johnson	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
Denise C. Ihrig	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, 2017

Christopher P. Monill

Executive Director/CEO

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**Financial Section
June 30, 2018
City of Dubuque, Iowa**

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CPAs & BUSINESS ADVISORS

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, 2018 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 60 percent, 72 percent, and 34 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 17 to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 11, 2018, 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.



Dubuque, Iowa
December 11, 2018

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CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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 \$546,413,451 compared to restated net position of \$526,999,638 for fiscal year 2017.
- Governmental program revenues increased by \$4,034,132 from fiscal year 2017. This increase was due largely in part to a significant increase in grant revenues in Community & Economic Development in relation to the HUD Resiliency grant, along with decreased costs in the Health Insurance Reserve fund.
- The City's business type activities program revenues decreased \$7,834,808. Charges for services increased \$672,518. Water (3%), sewer (3%), stormwater (7%), and refuse (2%) rates were increased in fiscal year 2018. Grant reimbursements for construction of the new Transit Bus Garage decreased as construction was completed. Capital contributions from outside developers for both stormwater and sewer decreased as there are multiple subdivisions currently under construction, but not yet complete. Capital contributions received from governmental funds are shown in the transfers line and are detailed out in Note 5
- Program expenses of the City's governmental activities increased approximately 2.38%, or \$2,251,964 from fiscal year 2017 to fiscal year 2018. The increase was seen in Community and Economic Development, which is due to expenditures related to the HUD Resiliency grant. Grant revenues offset these expenses.
- The City implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by \$602,194 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expenses for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.

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.

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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.

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, 2018

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 three fiduciary funds, an agency fund reporting resources held for the Dubuque Racing Association for improvements at the greyhound racing facility, an agency fund used for reporting resources from Mediacom for purchasing equipment relevant to public, educational, and governmental (PEG) access broadcasting and an agency fund used for reporting resources held for the decommissioning of the prior Flexsteel site.

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 schedule of changes in total OPEB liability.

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, 2018

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	
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)
Current and other assets	\$ 98,759,738	\$ 96,575,236	\$ 41,127,304	\$ 41,870,879	\$ 139,887,042	\$ 138,446,115
Capital assets	417,486,552	416,559,468	341,272,457	335,581,393	758,759,009	752,140,861
Total assets	<u>516,246,290</u>	<u>513,134,704</u>	<u>382,399,761</u>	<u>377,452,272</u>	<u>898,646,051</u>	<u>890,586,976</u>
Deferred outflows of resources	13,056,573	15,400,630	1,698,734	1,560,905	14,755,307	16,961,535
Long-term liabilities	122,035,984	129,295,802	191,234,961	193,953,187	313,270,945	323,248,989
Other liabilities	13,787,948	15,902,342	10,538,592	12,710,097	24,326,540	28,612,439
Total liabilities	<u>135,823,932</u>	<u>145,198,144</u>	<u>201,773,553</u>	<u>206,663,284</u>	<u>337,597,485</u>	<u>351,861,428</u>
Deferred inflows of resources	29,021,411	27,725,187	369,011	227,991	29,390,422	27,953,178
Net position:						
Net investment in capital assets	379,040,697	375,578,520	168,205,523	164,448,390	547,246,220	540,026,910
Restricted	27,269,997	23,955,112	3,053,616	3,796,752	30,323,613	27,751,864
Unrestricted	(41,853,174)	(43,921,629)	10,696,792	3,876,760	(31,156,382)	(40,044,869)
Total net position	<u>\$ 364,457,520</u>	<u>\$ 355,612,003</u>	<u>\$ 181,955,931</u>	<u>\$ 172,121,902</u>	<u>\$ 546,413,451</u>	<u>\$ 527,733,905</u>

Prior to restatement, net position of the governmental activities increased \$8,845,517 over fiscal year 2017 balance of \$355,612,003. Governmental activities had \$478,000 of capital assets donated from outside sources. There was also a large decrease in deferred outflows of resources due to investments differences in relation to pension liability with IPERS and MFPRSI. Overall grant revenues increased by \$960,262. With the HUD Resiliency Project in full swing, we saw an increase of \$4.1 million in grant revenues. Airport grant revenues decreased by \$1.9 million as the final draws were made on the New Terminal project. These two significant changes combined with other smaller increase and decreases spread across other grants accounted for the overall increase in grant revenues.

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

Prior to restatement, net position for the business-type activities increased \$9,834,029 over fiscal year 2017 of \$172,121,902. Charges for services increased \$672,518. 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. Business type activities also had \$3.3M in capital contributions. The majority of these was from governmental funds, along with \$35,000 from outside sources.

A portion of the City's net position \$30,323,613 or 5.5% represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal year 2018, the City has negative total unrestricted net position. The government-wide negative unrestricted results from TIF (governmental activities) debt being used to finance capital assets of the business-type activities, along with \$50,370,620 in pension liability and \$6,016,233 in OPEB Liability.

Governmental activities. Taxes are the largest source of governmental revenues with property taxes of \$39,632,246 in 2018. Other governmental revenues included gaming \$8,062,251, local option sales taxes \$8,610,948, and charges for services \$17,993,886.

Governmental operating expenses during 2018 totaled \$96,895,727. The largest programs were public safety of \$29,482,962, public works of \$20,393,871, community and economic development of \$21,109,384, and culture and recreation of \$14,323,710.

Business-type activities. Operating revenue increased \$672,518. Sewer's supplies and services expenses were lower in fiscal year 2018 than fiscal year 2017, due to the renegotiation of supply contracts with chemicals purchases needed in operations. Stormwater also saw a decrease in employee expense as stormsewer maintenance was lower than in past years. Parking and Transit both realized lower employee expense as synergies were put into place to combine staff across the two departments.

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017 (Not Restated)	2018	2017 (Not Restated)	2018	2017 (Not Restated)
Revenues:						
Program revenues						
Charges for services	\$ 17,993,886	\$ 14,920,016	\$ 33,762,870	\$ 33,090,352	\$ 51,756,756	\$ 48,010,368
Operating grants and contributions	21,569,356	15,028,527	1,648,403	1,700,171	23,217,759	16,728,698
Capital grants and contributions	7,779,713	13,360,280	5,705,262	14,160,820	13,484,975	27,521,100
General revenues						
Property taxes	39,632,246	39,678,473	-	-	39,632,246	39,678,473
Local option sales tax	8,610,948	8,890,046	-	-	8,610,948	8,890,046
Hotel/motel tax	2,286,469	2,821,745	-	-	2,286,469	2,821,745
Utility franchise fees	4,832,958	4,558,847	-	-	4,832,958	4,558,847
Gaming	8,062,251	8,098,324	-	-	8,062,251	8,098,324
Unrestricted investment earnings	688,769	335,577	268,283	231,746	957,052	567,323
Gain on sale of capital assets	309,857	83,720	4,680	54,074	314,537	137,794
Total revenues	111,766,453	107,775,555	41,389,498	49,237,163	153,155,951	157,012,718
Expenses:						
Public safety	29,482,962	30,020,343	-	-	29,482,962	30,020,343
Public works	20,393,871	19,608,137	-	-	20,393,871	19,608,137
Health and social services	883,217	815,251	-	-	883,217	815,251
Culture and recreation	14,323,710	13,653,509	-	-	14,323,710	13,653,509
Community and economic development	21,109,384	18,096,170	-	-	21,109,384	18,096,170
General government	7,573,081	8,982,668	-	-	7,573,081	8,982,668
Interest on long-term debt	3,129,502	3,467,685	-	-	3,129,502	3,467,685
Sewage disposal works	-	-	11,614,347	11,326,661	11,614,347	11,326,661
Water utility	-	-	7,109,421	6,807,217	7,109,421	6,807,217
Stormwater utility	-	-	6,159,039	6,234,015	6,159,039	6,234,015
Parking facilities	-	-	2,866,510	3,547,856	2,866,510	3,547,856
America's River Project	-	-	10,143	22,893	10,143	22,893
Refuse collection	-	-	4,244,551	4,208,268	4,244,551	4,208,268
Transit system	-	-	4,722,979	4,237,054	4,722,979	4,237,054
Salt	-	-	119,421	45,039	119,421	45,039
Total expenses	96,895,727	94,643,763	36,846,411	36,429,003	133,742,138	131,072,766
Increase (decrease) in net position before extraordinary item and transfers	14,870,726	13,131,792	4,543,087	12,808,160	19,413,813	25,939,952
Transfers	(5,423,015)	(1,071,163)	5,423,015	1,071,163	-	-
Increase (decrease) in net position	9,447,711	12,060,629	9,966,102	13,879,323	19,413,813	25,939,952
Net position, beginning, as restated	355,009,809	343,551,374	171,989,829	158,242,579	526,999,638	501,793,953
Net position, ending	\$ 364,457,520	\$ 355,612,003	\$ 181,955,931	\$ 172,121,902	\$ 546,413,451	\$ 527,733,905

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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 \$55,276,503 at June 30, 2018. \$5,760,781 is in nonspendable for inventory, receivables, and prepaid items. \$69,412 is nonspendable endowment corpus. \$30,347,598 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 \$4,660,158 for capital improvements. \$1,267,250 is assigned for capital improvements and equipment. This leaves \$13,171,304 for unassigned fund balances in the government funds.

The General Fund's fund balance reserve goal is 10% of budgeted annual expenditures. The fund balance of the General Fund increased by \$2,114,872 to \$21,875,413. Gaming revenues decreased slightly by \$36,073 or (0.4)% in fiscal year 2018. Charges for Services increased \$760,147 coupled with increases in taxes, licenses and permits, and investment earnings. There was an increase in Community & Economic Development in relation to the HUD Resiliency project. This project funds improvements to homes to protect them from flash flooding and create a healthy home environment. The other piece funds infrastructure in relation to the Bee Branch Watershed project. These increased expenses are offset with grant monies received from the HUD Resiliency grant. There was an increase of expenditures in Culture and Recreation due in part to receiving an additional Americorps grant, and increased expenditures at Five Flags as they continue their initiative to bring in more attractions. Both of these are partially offset by increased revenues.

The fund balance of special revenue fund Tax Increment Financing increased by \$1,755,868 to \$9,111,788. Tax revenues increased by \$2.2 million, offset by an increase in TIF rebates given. There were also two land sales making up the \$2,071,201 residing in the Sale of Capital Assets line.

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, 2018, totaled \$181,955,931 of which the unrestricted is \$10,696,792.

The net position of the Internal Service Funds increased by \$2,609,751 to \$3,274,780. The Health Insurance Reserve Fund increased \$2,213,326 due to a decrease in costs because of a switch to a new third party administrator with better rates partnered with an increase in Stop-Loss revenues. The City experienced three large claims this year that hit the stop loss limit of \$125,000. Workman's Comp experienced \$352,544 less expenses in 2018 as compared to 2017. The unrestricted net position of the Internal Service Funds is \$3,116,274.

CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

The Sewer Fund had an increase of \$2,055,488 for total net position of \$28,528,318. Sewer Rates were increased 3% in 2018. Sewer also realized a decrease in supplies and services as chemical contracts were renegotiated at a lower cost.

The Water Utility had an increase in net position by \$1,797,473 for total net position of \$29,022,469. Water rates were increased 3% in 2018.

The Storm Water Utility had an increase in net position of \$4,546,440. Ending net position is \$59,697,557. Stormwater had \$2.7M in assets contributed from outside sources, most of which came from the Resiliency Grant as Bee Branch infrastructure. Stormwater saw a 7% increase in rate for fiscal year 2018.

The Parking Facilities had a increase in net position of \$331,873. Ending net position is \$48,074,749. Operating income increased \$257,487. Parking realized a decrease in overall operating expenses as operating efficiencies were initiated across the Parking and Transit departments.

Other Enterprise Funds net position increased by \$1,234,828 to \$16,632,838. This was primarily due to Transit's increase of \$1,259,029 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 increased in fiscal year 2018 by \$2,213,326. Revenues increased 7.7% by \$846,903 and claims decreased 15% over 2017.

Workman's Comp Reserve net position increased by \$271,220. The fund saw a decrease in both actual claims paid and claims payable accounting for the increase.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2017-2018 cash basis budget. The first amendment was passed in September 2017 to reflect operating and capital budget carryovers (continuing appropriation authority) from fiscal year 2018 and amended the fiscal year 2018 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in March 2018 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 \$38,565,770. 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 \$84,269,269 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, 2018

Actual cash basis revenues were \$42,683,584 less than the final amended budget; and, cash basis expenditures were \$84,524,036 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, 2018, amounts to \$758,759,009 (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	
	2018	2017	2018	2017	2018	2017
Land	\$ 78,309,998	\$ 80,134,817	\$ 24,399,223	\$ 24,185,903	\$ 102,709,221	\$ 104,320,720
Buildings	141,320,127	140,998,926	158,539,345	152,109,778	299,859,472	293,108,704
Improvements other than buildings	24,045,686	23,874,592	168,060,566	161,541,265	192,106,252	185,415,857
Machinery and equipment	50,688,060	47,225,119	112,329,961	110,364,436	163,018,021	157,589,555
Infrastructure	234,204,769	231,930,452	-	-	234,204,769	231,930,452
Construction in progress	49,954,929	44,673,968	5,819,782	6,507,415	55,774,711	51,181,383
Accumulated depreciation	(161,037,017)	(152,278,406)	(127,876,420)	(119,127,404)	(288,913,437)	(271,405,810)
	<u>\$ 417,486,553</u>	<u>\$ 416,559,468</u>	<u>\$ 341,272,457</u>	<u>\$ 335,581,393</u>	<u>\$ 758,759,009</u>	<u>\$ 752,140,861</u>

Major expenditures during 2017-2018 were for the construction work on the Bus Garage, Southwest Arterial construction, HUD Resiliency Projects, and Bee Branch storm water projects.

Long-term debt. At year end, the City had \$265,425,720 of debt outstanding. During fiscal year 2018, the City issued \$5,955,000 of general obligation bonds, \$5,750,000 of which was used for refunding. The City refunded \$5,695,000 of general obligation bonds. The refunding was undertaken to reduce total debt service payments. The results of the transaction is a reduction of \$235,053 in future debt service payments for an economic gain of \$197,121.

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 \$1,346,966 of SRF debt in 2018 as part of the Bee Branch Stormwater construction project and \$375,384 for green alley projects reducing stormwater runoff, and \$489,758 for the Catfish Creek stabilization project. 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 \$209,048,707. With \$134,915,711 of debt applicable against the capacity, the City is utilizing 64.54% 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, 2018

ECONOMIC FACTORS

The City's unemployment rate as of September, 2018 was 1.9%, down from 2.5% in September, 2017. The national average was 3.7% for September 2018, according to the Bureau of Labor Statistics. State of Iowa was 2.5% as reported in September, 2018.

The assessed valuation of taxable property, net of exemptions, increased by 1.30% to 2,679,030,000. In fiscal year 2018, the minimum monthly refuse rate increased from \$14.77 to \$15.11, sewer and water rates increased 3%, and the storm water monthly fee increased from \$6.81 to \$7.27 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, 2018
City of Dubuque, Iowa**

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2018

	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		
ASSETS						
CURRENT ASSETS						
Cash and pooled cash investments	\$ 41,077,971	\$ 23,197,932	\$ 64,275,903	\$ 3,576,089	\$ 2,019,075	\$ 25,482
Receivables						
Property tax						
Delinquent	198,876	-	198,876	-	-	-
Succeeding year	26,494,204	-	26,494,204	-	-	-
Accounts and other	2,478,596	3,549,049	6,027,645	436,651	131,024	18,235
Special assessments	726,596	-	726,596	-	-	-
Accrued interest	126,507	84,537	211,044	48,310	-	-
Notes	523,095	-	523,095	-	24,375	-
Intergovernmental	9,063,602	2,113,628	11,177,230	480	-	-
Inventories	600,491	947,946	1,548,437	-	133,347	9,044
Prepaid items	617,998	104,815	722,813	13,008	-	-
Total Current Assets	<u>81,907,936</u>	<u>29,997,907</u>	<u>111,905,843</u>	<u>4,074,538</u>	<u>2,307,821</u>	<u>52,761</u>
NONCURRENT ASSETS						
Expendable restricted cash and investments	7,046,718	11,129,397	18,176,115	7,608,226	1,345,313	117,392
Nonexpendable restricted cash and investments	69,412	-	69,412	-	-	-
Notes receivable	9,735,672	-	9,735,672	-	167,262	-
Capital assets						
Land	78,309,999	24,399,223	102,709,222	2,952,666	117,723	-
Buildings	141,320,127	158,539,345	299,859,472	207,715	45,676,454	292,602
Improvements other than buildings	24,045,686	168,060,566	192,106,252	13,668,654	-	-
Machinery and equipment	50,688,060	112,329,961	163,018,021	4,048,113	31,735	81,592
Infrastructure	234,204,768	-	234,204,768	-	-	-
Construction in progress	49,954,930	5,819,782	55,774,712	3,629,793	121,193	-
Accumulated depreciation	(161,037,018)	(127,876,420)	(288,913,438)	(9,756,160)	(9,161,905)	(97,203)
Total Noncurrent Assets	<u>434,338,354</u>	<u>352,401,854</u>	<u>786,740,208</u>	<u>22,359,007</u>	<u>38,297,775</u>	<u>394,383</u>
Total Assets	<u>516,246,290</u>	<u>382,399,761</u>	<u>898,646,051</u>	<u>26,433,545</u>	<u>40,605,596</u>	<u>447,144</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows	12,908,746	1,669,475	14,578,221	161,403	-	-
OPEB related deferred outflows	147,827	29,259	177,086	3,429	-	-
Total Deferred Outflows of Resources	<u>13,056,573</u>	<u>1,698,734</u>	<u>14,755,307</u>	<u>164,832</u>	<u>-</u>	<u>-</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION (continued)
JUNE 30, 2018

EXHIBIT 1
(continued)

	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			
LIABILITIES									
CURRENT LIABILITIES									
Accounts payable	\$ 5,290,753	\$ 1,003,524	\$ 6,294,277	\$ 242,574	\$ 161,164	\$ 284,891			
Accrued payroll	1,603,198	290,110	1,893,308	27,434	-	-			
Loans payable	83,969	1,029,495	1,113,464	-	-	47,834			
Notes payable	79,827	4,482,778	4,562,605	-	489,518	-			
General obligation bonds payable	4,821,734	2,918,267	7,740,001	400,000	-	-			
Revenue bonds payable	-	315,000	315,000	-	-	-			
Tax increment financing bonds payable	510,000	-	510,000	-	-	-			
Accrued compensated absences	432,776	101,254	534,030	4,257	-	-			
Accrued interest payable	249,911	398,164	648,075	21,888	522,221	-			
Intergovernmental payable	2,499	-	2,499	81,214	-	-			
Unearned revenue	713,281	-	713,281	-	-	-			
Total Current Liabilities	<u>13,787,948</u>	<u>10,538,592</u>	<u>24,326,540</u>	<u>777,367</u>	<u>1,172,903</u>	<u>332,725</u>			
NONCURRENT LIABILITIES									
Loans payable	3,983,731	3,152,331	7,136,062	-	-	7,770			
Notes payable	176,054	108,282,432	108,458,486	-	4,720,217	-			
General obligation bonds payable	44,011,764	39,061,643	83,073,407	8,560,386	-	-			
Revenue bonds payable	-	33,159,133	33,159,133	-	-	-			
Landfill closure and postclosure care	-	-	-	3,102,165	-	-			
Tax increment financing bonds payable	19,357,562	-	19,357,562	-	-	-			
Accrued compensated absences	5,072,884	626,558	5,699,442	233,608	-	-			
Net pension liability	44,497,380	5,873,240	50,370,620	567,817	-	-			
Total OPEB liability	4,936,609	1,079,624	6,016,233	116,294	-	-			
Total Noncurrent Liabilities	<u>122,035,984</u>	<u>191,234,961</u>	<u>313,270,945</u>	<u>12,580,270</u>	<u>4,720,217</u>	<u>7,770</u>			
Total Liabilities	<u>135,823,932</u>	<u>201,773,553</u>	<u>337,597,485</u>	<u>13,357,637</u>	<u>5,893,120</u>	<u>340,495</u>			
DEFERRED INFLOWS OF RESOURCES									
Pension related deferred inflows	2,254,642	322,017	2,576,659	31,132	-	-			
Succeeding year property tax	26,494,204	-	26,494,204	-	-	-			
Deferred amount on refunding	272,565	46,994	319,559	-	-	-			
Total deferred inflows of resources	<u>29,021,411</u>	<u>369,011</u>	<u>29,390,422</u>	<u>31,132</u>	<u>-</u>	<u>-</u>			
NET POSITION									
Net investment in capital assets	379,040,697	168,205,523	547,246,220	8,696,011	36,593,563	276,991			
Restricted for/by:									
Bond ordinance development agreement	2,140,740	3,053,616	5,194,356	-	-	-			
Debt service	261,118	-	261,118	-	-	-			
Employee benefits	24,685	-	24,685	-	-	-			
Community development	8,383,743	-	8,383,743	-	-	-			
Iowa Finance Authority Trust	488,375	-	488,375	-	-	-			
Capital projects	13,889,841	-	13,889,841	-	-	-			
Franchise agreement	587,096	-	587,096	-	-	-			
Endowments, expendable	95,251	-	95,251	-	-	-			
Endowments, nonexpendable	69,412	-	69,412	-	-	-			
Other	1,329,736	-	1,329,736	-	-	-			
State statute	-	-	90,394	-	-	-			
Landfill closure and post closure care	-	-	-	1,510,051	-	-			
Minority interest	-	-	-	661,286	-	-			
Unrestricted	<u>(41,853,174)</u>	<u>10,696,792</u>	<u>(31,156,382)</u>	<u>2,251,866</u>	<u>(1,881,087)</u>	<u>(170,342)</u>			
Total Net Position	<u>\$ 364,457,520</u>	<u>\$ 181,955,931</u>	<u>\$ 546,413,451</u>	<u>\$ 13,209,608</u>	<u>\$ 34,712,476</u>	<u>\$ 106,649</u>			

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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 Visitor and Convention Bureau
Primary government											
Governmental Activities:											
Public safety	\$ 29,482,962	\$ 2,600,751	\$ 911,239	\$ -	\$ 3,511,990	\$ (25,970,972)	\$ -	\$ (25,970,972)			
Public works	20,393,871	6,654,101	6,851,240	7,633,759	21,139,100	745,229	-	745,229			
Health and social services	883,217	126,399	12,795	-	139,194	(744,023)	-	(744,023)			
Culture and recreation	14,323,710	2,874,493	401,484	145,954	3,421,931	(10,901,779)	-	(10,901,779)			
Community and economic development	21,109,384	630,881	12,858,509	-	13,489,390	(7,619,994)	-	(7,619,994)			
General government	7,573,081	5,107,261	534,089	-	5,641,350	(1,931,731)	-	(1,931,731)			
Interest on long-term debt	3,129,502	-	-	-	-	(3,129,502)	-	(3,129,502)			
Total governmental activities	96,895,727	17,993,886	21,569,356	7,779,713	47,342,955	(49,552,772)	-	(49,552,772)			
Business-type activities											
Sewage disposal works	11,614,347	12,659,662	-	4,450	12,664,112	-	1,049,765	1,049,765			
Water utility	7,109,421	8,906,136	-	75,547	8,981,683	-	1,872,262	1,872,262			
Stormwater utility	6,159,039	4,367,963	-	3,763,468	8,131,431	-	1,972,392	1,972,392			
Parking facilities	2,866,510	3,034,744	-	76,691	3,111,435	-	244,925	244,925			
America's River Project	10,143	-	-	-	-	-	(10,143)	(10,143)			
Refuse collection	4,244,551	4,232,542	-	-	4,232,542	-	(12,009)	(12,009)			
Transit system	4,722,979	465,550	1,648,403	1,785,106	3,899,059	-	(823,920)	(823,920)			
Salt	119,421	96,273	-	-	96,273	-	(23,148)	(23,148)			
Total business-type activities	36,846,411	33,762,870	1,648,403	5,705,262	41,116,535	-	4,270,124	4,270,124			
Total primary government	\$ 133,742,138	\$ 51,756,756	\$ 23,217,759	\$ 13,484,975	\$ 88,459,490	\$ (49,552,772)	\$ 4,270,124	\$ (45,282,648)			
Component units											
Dubuque Metropolitan Area Solid Waste Agency	\$ 3,446,818	\$ 5,352,859	\$ -	\$ 55,892	\$ 5,408,751				\$ 1,961,933	\$ -	\$ -
Dubuque Initiatives and Subsidiaries	3,436,443	3,193,725	-	-	3,193,725				-	(242,718)	-
Dubuque Convention and Visitors Bureau	1,271,639	1,245,625	-	80,507	1,326,132				-	-	54,493
Total Component Units	\$ 8,154,900	\$ 9,792,209	\$ -	\$ 136,399	\$ 9,928,608				\$ 1,961,933	\$ (242,718)	\$ 54,493
General revenues											
Property taxes					39,632,246	-	39,632,246	-	-	-	-
Local option sales tax					8,610,948	-	8,610,948	-	-	-	-
Hotel motel tax					2,286,469	-	2,286,469	-	-	-	-
Utility franchise fees					4,832,958	-	4,832,958	-	-	-	-
Gaming					8,062,251	-	8,062,251	-	-	-	-
Unrestricted investment earnings					688,769	268,283	957,052	136,632	420,047	265	
Gain on disposal of capital assets					309,857	4,680	314,537	-	-	-	
Transfers					(5,423,015)	5,423,015	-	-	-	-	
Total general revenues and transfers					59,000,483	5,695,978	64,696,461	136,632	420,047	265	
Change in Net Position					9,447,711	9,966,102	19,413,813	2,098,565	177,329	54,758	
Net position, beginning of year, as restated					355,009,809	171,989,829	526,999,638	11,111,043	34,535,147	51,891	
Net position, ending of year					\$ 364,457,520	\$ 181,955,931	\$ 546,413,451	\$ 13,209,608	\$ 34,712,476	\$ 106,649	

See notes to financial statements

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CITY OF DUBUQUE, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue	
	General	Tax Increment Financing
ASSETS		
Cash and pooled cash investments	\$ 15,960,662	\$ 6,264,163
Receivables		
Property tax		
Delinquent	154,281	10,555
Succeeding year	22,161,528	-
Accounts and other	1,964,186	123,289
Special assessments	14,385	-
Accrued interest	31,361	55,707
Notes	4,624,888	289,800
Intergovernmental	1,083,092	-
Due from other funds	180,873	-
Inventories	240,827	-
Prepaid items	549,207	-
Restricted cash and pooled cash investments	229,304	2,368,274
Total Assets	\$ 47,194,594	\$ 9,111,788
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 1,055,449	\$ -
Accrued payroll	1,444,824	-
Intergovernmental payable	-	-
Due to other funds	-	-
Unearned revenue	568,882	-
Total Liabilities	\$ 3,069,155	\$ -
DEFERRED INFLOW OF RESOURCES		
Unavailable revenues		
Succeeding year property tax	22,161,528	-
Special assessments	14,385	-
Grants	12,174	-
Other	61,939	-
Total Deferred Inflows of Resources	\$ 22,250,026	\$ -
FUND BALANCES		
Nonspendable		
Endowment corpus	-	-
Inventory	240,827	-
Long-term notes receivable	4,624,888	-
Prepaid items	549,207	-
Restricted		
Endowments	-	-
Library	-	-
Police	-	-
Veterans	-	-
Debt service	-	-
Bond ordinance	-	2,140,740
Capital improvements	-	6,971,048
Franchise agreement	-	-
Special assessments	-	-
Iowa Finance Authority Trust	-	-
Community programs	-	-
Employee benefits	-	-
Committed, capital improvements	-	-
Assigned		
DRA gaming and distribution	1,267,250	-
Unassigned	15,193,241	-
Total Fund Balances	\$ 21,875,413	\$ 9,111,788
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 47,194,594	\$ 9,111,788

See notes to financial statements.

Debt Service	Other Governmental Funds	Total
\$ 259,467	\$ 12,815,475	\$ 35,299,767
1,416	32,624	198,876
283,612	4,049,064	26,494,204
-	228,385	2,315,860
-	712,211	726,596
579	26,725	114,372
-	5,344,079	10,258,767
-	7,980,510	9,063,602
-	-	180,873
-	293,852	534,679
-	52,007	601,214
-	4,518,552	7,116,130
<u>\$ 545,074</u>	<u>\$ 36,053,484</u>	<u>\$ 92,904,940</u>
 \$ -	 \$ 2,674,778	 \$ 3,730,227
-	129,540	1,574,364
-	2,499	2,499
-	153,075	153,075
-	144,299	713,181
<u>-</u>	<u>3,104,191</u>	<u>6,173,346</u>
 283,612	 4,049,064	 26,494,204
-	684,205	698,590
-	4,096,790	4,108,964
344	91,050	153,333
<u>283,956</u>	<u>8,921,109</u>	<u>31,455,091</u>
 -	 69,412	 69,412
-	293,852	534,679
-	-	4,624,888
-	52,007	601,214
-	95,251	95,251
-	1,154,830	1,154,830
-	8,608	8,608
-	138,148	138,148
261,118	-	261,118
-	-	2,140,740
-	10,065,806	17,036,854
-	587,096	587,096
-	28,150	28,150
-	488,375	488,375
-	8,383,743	8,383,743
-	24,685	24,685
-	4,660,158	4,660,158
-	-	1,267,250
-	(2,021,937)	13,171,304
<u>261,118</u>	<u>24,028,184</u>	<u>55,276,503</u>
 \$ 545,074	 \$ 36,053,484	 \$ 92,904,940

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CITY OF DUBUQUE, IOWA**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET****TO THE STATEMENT OF NET POSITION****JUNE 30, 2018****EXHIBIT 3-1**

Total fund balances - governmental funds \$ 55,276,503

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	\$ 578,168,552
Accumulated depreciation	<u>(160,840,505)</u>
	417,328,047

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 unavailable in the funds. Those revenues consist of:

Property tax	45,675
Special assessments	698,590
Other	<u>4,216,518</u>
	4,960,783

Pension and OPEB 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	(2,161,986)
Deferred outflows of resources	<u>12,576,207</u>
	10,414,221

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.

3,274,780

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	(48,833,498)
Tax increment financing bonds	(19,867,562)
Notes payable	(255,881)
Loans payable	(4,067,700)
Deferred amount on debt refundings	(272,565)
Accrued interest	(249,911)
Compensated absences	(5,505,660)
Net pension liability	(42,807,428)
Total OPEB liability	<u>(4,936,609)</u>
	(126,796,814)

Net position of governmental activities

\$ 364,457,520

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, 2018

	<u>Special Revenue</u>		
	<u>General</u>	<u>Tax Increment Financing</u>	
REVENUES			
Taxes	\$ 33,557,813	\$ 12,597,948	
Special assessments	-	-	
Licenses and permits	1,642,498	-	
Intergovernmental	1,204,424	-	
Charges for services	11,309,551	-	
Fines and forfeits	407,322	-	
Investment earnings	478,639	22,178	
Contributions	416,157	123,289	
Gaming	8,062,251	-	
Miscellaneous	606,836	-	
Total Revenues	57,685,491		12,743,415
EXPENDITURES			
Current			
Public safety	28,569,053	-	
Public works	5,750,658	-	
Health and social services	843,819	-	
Culture and recreation	12,482,445	-	
Community and economic development	3,735,824	4,188,570	
General government	6,202,299	-	
Debt service			
Principal	-	-	
Interest and fiscal charges	-	-	
Capital projects	-	-	
Total Expenditures	57,584,098		4,188,570
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	101,393		8,554,845
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	
Issuance of refunding bonds	-	-	
Premium on bonds	-	-	
Premium on refunding bonds	-	-	
Transfers in	5,513,725	1,111,426	
Transfers out	(3,555,787)	(9,981,604)	
Insurance recovery	40,058	-	
Sale of capital assets	15,483	2,071,201	
Total Other Financing Sources (Uses)	2,013,479		(6,798,977)
NET CHANGE IN FUND BALANCES	2,114,872		1,755,868
FUND BALANCES, BEGINNING	19,760,541		7,355,920
FUND BALANCES, ENDING	\$ 21,875,413		\$ 9,111,788

See notes to financial statements.

Debt Service	Other Governmental Funds	Total
\$ 229,953	\$ 8,976,907	\$ 55,362,621
-	122,968	122,968
-	-	1,642,498
-	26,025,130	27,229,554
-	249,466	11,559,017
-	-	407,322
16,488	171,464	688,769
-	277,476	816,922
-	-	8,062,251
-	982,236	1,589,072
<u>246,441</u>	<u>36,805,647</u>	<u>107,480,994</u>
 - 12,473	 12,413 5,936,651 10,226 294,146 12,413,333 553,180	 28,581,466 11,687,309 854,045 12,776,591 20,350,200 6,755,479
 7,989,850 3,274,200 -	 - - 17,402,848	 7,989,850 3,274,200 17,402,848
<u>11,276,523</u>	<u>36,622,797</u>	<u>109,671,988</u>
 (11,030,082)	 182,850	 (2,190,994)
 - 1,778,325	 110,000 - 1,616	 110,000 1,778,325 1,616
 15,299 9,714,766 (467,914)	 - 2,549,179 (6,975,086)	 15,299 18,889,096 (20,980,391)
 - 11,040,476	 58,000 67,862	 98,058 2,154,546
 10,394	 (4,005,579)	 (124,445)
 250,724	 28,033,763	 55,400,948
<u>\$ 261,118</u>	<u>\$ 24,028,184</u>	<u>\$ 55,276,503</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, 2018

EXHIBIT 4-1

Net change in fund balances - total governmental funds \$ (124,445)
Amounts reported for governmental activities in the statement of activities are different because:

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

Capital assets expended in governmental funds	\$ 15,499,511
Transfers of capital assets to enterprise funds	(3,318,747)
Contributions from developers and federal government	478,852
Depreciation expense	<u>(9,881,290)</u>
	2,778,326

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

(1,844,688)

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

Property tax	5,278
Special assessments	(79,158)
Other	<u>823,952</u>
	750,072

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	(1,905,238)
Debt repayments	<u>7,989,850</u>
	6,084,612

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	30,742
Amortization of bond discount/premium	126,921
Increase in compensated absences	(14,817)
Deferred amount on debt refundings	12,928
Pension adjustment	(965,801)
OPEB adjustment	<u>4,110</u>
Total additional expenses	(805,917)

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	\$ 2,609,751
	<u>\$ 9,447,711</u>

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

Business-type Activities-Enterprise Funds

	Sewage Disposal Works	Water Utility	Stormwater Utility
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ 5,172,357	\$ 7,606,058	\$ 8,080,816
Receivables			
Accounts	1,492,008	1,043,349	504,433
Accrued interest	13,486	28,039	37,573
Intergovernmental	-	-	1,008,134
Prepaid items	8,539	337	58,108
Inventories	214,868	733,078	-
Total Current Assets	6,901,258	9,410,861	9,689,064
NONCURRENT ASSETS			
Restricted cash and pooled cash investments	875,506	2,093,657	7,753,337
Capital assets			
Land	254,858	209,244	20,987,529
Buildings	72,269,461	10,165,805	-
Improvements to other than buildings	48,641,269	1,807,167	112,750,389
Machinery and equipment	39,590,547	59,429,429	1,132,413
Construction in progress	943,398	4,025,317	851,067
Accumulated depreciation	(60,000,554)	(27,285,599)	(15,477,553)
Net Capital Assets	101,698,979	48,351,363	120,243,845
Total Noncurrent Assets	102,574,485	50,445,020	127,997,182
Total Assets	109,475,743	59,855,881	137,686,246
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	364,083	377,565	103,370
OPEB related deferred outflows	6,516	7,184	2,870
Total Deferred Outflows of Resources	370,599	384,749	106,240

Business-type Activities-Enterprise Funds

Parking Facilities	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 1,113,325	\$ 1,225,376	\$ 23,197,932	\$ 5,778,204
101,860	407,399	3,549,049	162,736
3,390	2,049	84,537	12,135
-	1,105,494	2,113,628	-
26,453	11,378	104,815	16,784
-	-	947,946	65,812
<u>1,245,028</u>	<u>2,751,696</u>	<u>29,997,907</u>	<u>6,035,671</u>
406,897	-	11,129,397	-
2,911,592	36,000	24,399,223	-
62,337,568	13,766,511	158,539,345	-
3,379,337	1,482,404	168,060,566	-
2,794,827	9,382,745	112,329,961	355,018
-	-	5,819,782	-
<u>(17,307,900)</u>	<u>(7,804,814)</u>	<u>(127,876,420)</u>	<u>(196,513)</u>
<u>54,115,424</u>	<u>16,862,846</u>	<u>341,272,457</u>	<u>158,505</u>
<u>54,522,321</u>	<u>16,862,846</u>	<u>352,401,854</u>	<u>158,505</u>
<u>55,767,349</u>	<u>19,614,542</u>	<u>382,399,761</u>	<u>6,194,176</u>
92,197	732,260	1,669,475	480,366
1,372	11,317	29,259	-
<u>93,569</u>	<u>743,577</u>	<u>1,698,734</u>	<u>480,366</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

Business-type Activities-Enterprise Funds

	Sewage Disposal Works	Water Utility	Stormwater Utility
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 99,622	\$ 544,722	\$ 243,239
Accrued payroll	59,862	62,880	20,645
Loans payable - current	-	1,000,000	-
General obligation bonds payable	595,317	687,687	948,021
Revenue bonds payable	-	315,000	-
Capital loan notes payable	2,764,000	190,000	1,528,778
Accrued compensated absences	19,356	64,421	-
Accrued interest payable	143,730	72,895	161,246
Due to other funds	-	-	-
Total Current Liabilities	3,681,887	2,937,605	2,901,929
NONCURRENT LIABILITIES			
Loans payable	-	3,000,000	-
General obligation bonds payable	10,467,524	12,335,315	9,689,406
Revenue bonds payable	-	4,511,572	28,647,561
Capital loan notes payable	65,383,060	6,524,958	36,374,414
Accrued compensated absences	151,531	193,145	10,722
Net pension liability	1,280,855	1,328,284	363,657
Total OPEB liability	270,877	300,908	65,920
Total Noncurrent Liabilities	77,553,847	28,194,182	75,151,680
Total Liabilities	81,235,734	31,131,787	78,053,609
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	70,226	72,826	19,938
Deferred amount on refunding	12,064	13,548	21,382
Total Deferred Inflows of Resources	82,290	86,374	41,320
NET POSITION			
Net investment in capital assets	32,111,649	21,394,312	51,159,759
Restricted by bond ordinance/development agreement	-	566,719	2,080,000
Unrestricted	(3,583,331)	7,061,438	6,457,798
Total Net Position	\$ 28,528,318	\$ 29,022,469	\$ 59,697,557

See notes to financial statements.

Business-type Activities-Enterprise Funds

Parking Facilities	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 21,612	\$ 94,329	\$ 1,003,524	\$ 1,560,526
14,525	132,198	290,110	28,834
29,495	-	1,029,495	-
672,974	14,268	2,918,267	-
-	-	315,000	-
-	-	4,482,778	-
8,109	9,368	101,254	-
17,755	2,538	398,164	-
-	-	-	27,798
<u>764,470</u>	<u>252,701</u>	<u>10,538,592</u>	<u>1,617,158</u>
 152,331	 -	 3,152,331	 -
6,409,706	159,692	39,061,643	-
-	-	33,159,133	-
-	-	108,282,432	-
19,543	251,617	626,558	-
324,346	2,576,098	5,873,240	1,689,948
97,988	343,931	1,079,624	-
<u>7,003,914</u>	<u>3,331,338</u>	<u>191,234,961</u>	<u>1,689,948</u>
<u>7,768,384</u>	<u>3,584,039</u>	<u>201,773,553</u>	<u>3,307,106</u>
 17,785	 141,242	 322,017	 92,656
-	-	46,994	-
<u>17,785</u>	<u>141,242</u>	<u>369,011</u>	<u>92,656</u>
 46,850,917	 16,688,886	 168,205,523	 158,506
406,897	-	3,053,616	-
816,935	(56,048)	10,696,792	3,116,274
<u>\$ 48,074,749</u>	<u>\$ 16,632,838</u>	<u>\$ 181,955,931</u>	<u>\$ 3,274,780</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
OPERATING REVENUES			
Charges for sales and services	\$ 12,557,062	\$ 8,860,063	\$ 4,316,584
Other	<u>102,600</u>	<u>46,073</u>	<u>51,379</u>
Total Operating Revenues	<u>12,659,662</u>	<u>8,906,136</u>	<u>4,367,963</u>
OPERATING EXPENSES			
Employee expense	3,929,434	2,533,836	1,396,853
Utilities	552,355	690,346	39,825
Repairs and maintenance	596,696	165,481	101,398
Supplies and services	1,182,007	1,511,896	830,925
Insurance	99,336	87,468	16,122
Depreciation	<u>3,403,512</u>	<u>1,404,937</u>	<u>1,727,937</u>
Total Operating Expenses	<u>9,763,340</u>	<u>6,393,964</u>	<u>4,113,060</u>
OPERATING INCOME (LOSS)	<u>2,896,322</u>	<u>2,512,172</u>	<u>254,903</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	2,452	-
Investment earnings	71,179	55,989	117,689
Contributions	4,450	-	42,114
Interest expense	(1,851,007)	(715,457)	(2,045,979)
Gain on disposal of assets	<u>2,791</u>	<u>1,847</u>	<u>42</u>
Net Nonoperating Revenues (Expenses)	<u>(1,772,587)</u>	<u>(655,169)</u>	<u>(1,886,134)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>1,123,735</u>	<u>1,857,003</u>	<u>(1,631,231)</u>
CAPITAL CONTRIBUTIONS			
TRANSFERS IN	-	73,095	6,420,173
TRANSFERS OUT	1,074,637	10,259	530,105
	<u>(142,884)</u>	<u>(142,884)</u>	<u>(772,607)</u>
CHANGE IN NET POSITION	<u>2,055,488</u>	<u>1,797,473</u>	<u>4,546,440</u>
NET POSITION, BEGINNING, AS RESTATED	<u>26,472,830</u>	<u>27,224,996</u>	<u>55,151,117</u>
NET POSITION, ENDING	<u>\$ 28,528,318</u>	<u>\$ 29,022,469</u>	<u>\$ 59,697,557</u>

See notes to financial statements.

Business-type Activities-Enterprise Funds

Parking Facilities	Other Enterprise Funds	Total	Governmental Activities-Internal Service Funds
\$ 2,864,971	\$ 4,727,291	\$ 33,325,971	\$ 17,159,994
169,773	67,074	436,899	73,832
<u>3,034,744</u>	<u>4,794,365</u>	<u>33,762,870</u>	<u>17,233,826</u>
651,076	5,318,431	13,829,630	2,587,998
261,437	105,621	1,649,584	33,233
222,024	1,173,895	2,259,494	93,718
202,562	1,330,222	5,057,612	11,778,148
78,243	64,770	345,939	110,744
<u>1,201,791</u>	<u>1,101,442</u>	<u>8,839,619</u>	<u>37,322</u>
<u>2,617,133</u>	<u>9,094,381</u>	<u>31,981,878</u>	<u>14,641,163</u>
417,611	(4,300,016)	1,780,992	2,592,663
-	1,564,123	1,566,575	1,294
15,906	7,520	268,283	25,581
76,691	84,280	207,535	-
(249,377)	(2,713)	(4,864,533)	-
-	-	4,680	3,186
<u>(156,780)</u>	<u>1,653,210</u>	<u>(2,817,460)</u>	<u>30,061</u>
260,831	(2,646,806)	(1,036,468)	2,622,724
151,700	2,253,334	8,898,302	-
655,384	1,886,293	4,156,678	-
<u>(736,042)</u>	<u>(257,993)</u>	<u>(2,052,410)</u>	<u>(12,973)</u>
331,873	1,234,828	9,966,102	2,609,751
<u>47,742,876</u>	<u>15,398,010</u>	<u>171,989,829</u>	<u>665,029</u>
<u>\$ 48,074,749</u>	<u>\$ 16,632,838</u>	<u>\$ 181,955,931</u>	<u>\$ 3,274,780</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-type Activities-Enterprise Funds			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 12,384,984	\$ 8,759,670	\$ 4,240,761	\$ 2,980,187
Cash payments to suppliers for goods and services	(3,935,369)	(2,173,648)	(1,911,533)	(774,374)
Cash payments to employees for services	(3,783,660)	(2,635,857)	(1,371,545)	(724,139)
Other operating receipts	102,600	46,073	51,379	169,773
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	4,768,555	3,996,238	1,009,062	1,651,447
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	1,074,637	10,259	530,105	655,384
Transfers to other funds	(142,884)	(142,884)	(772,607)	(736,042)
Payment of interfund balances	-	-	-	-
Contributions	-	-	-	-
Intergovernmental grant proceeds	-	-	-	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	931,753	(132,625)	(242,502)	(80,658)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	2,791	1,847	42	-
Acquisition and construction of capital assets	(1,225,715)	(3,719,996)	-	-
Proceeds from issuance of debt	1,405,384	5,060,857	3,551,223	45,500
Premium on debt issuance	15,018	16,854	25,000	3,060
Payment of debt	(4,286,279)	(2,838,837)	(3,720,925)	(937,673)
Interest paid	(1,856,930)	(872,553)	(2,103,423)	(266,093)
Contributions	4,450	-	142,316	76,692
Intergovernmental grant proceeds	-	2,452	805,241	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(5,941,283)	(2,349,377)	(1,300,526)	(1,078,514)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	63,020	34,924	94,040	13,384
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(177,955)	1,549,160	(439,926)	505,659
CASH AND CASH EQUIVALENTS, BEGINNING	6,225,818	8,150,555	16,274,079	1,014,563
CASH AND CASH EQUIVALENTS, ENDING	\$ 6,047,863	\$ 9,699,715	\$ 15,834,153	\$ 1,520,222

EXHIBIT 7

Business-type Activities-Enterprise Funds		
Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 4,715,450	\$ 33,081,052	\$ 17,057,857
(3,952,624)	(12,747,548)	(12,213,858)
(5,188,112)	(13,703,313)	(2,688,832)
67,074	436,899	73,832
<hr/>	<hr/>	<hr/>
(4,358,212)	7,067,092	2,228,999
<hr/>	<hr/>	<hr/>
1,886,293	4,156,678	
(257,993)	(2,052,410)	(12,973)
(2,887)	(2,887)	(11,214)
84,280	84,280	-
2,812,422	2,812,422	-
<hr/>	<hr/>	<hr/>
4,522,115	4,998,083	(24,187)
<hr/>	<hr/>	<hr/>
-	4,680	3,186
(786,869)	(5,732,580)	(30,770)
123,839	10,186,803	-
-	59,932	-
(31,154)	(11,814,868)	-
(3,002)	(5,102,001)	1,294
-	223,458	-
-	807,693	-
<hr/>	<hr/>	<hr/>
(697,186)	(11,366,883)	(26,290)
<hr/>	<hr/>	<hr/>
6,268	211,636	16,280
<hr/>	<hr/>	<hr/>
(527,015)	909,923	2,194,802
1,752,391	33,417,406	3,583,402
<hr/>	<hr/>	<hr/>
\$ 1,225,376	\$ 34,327,329	\$ 5,778,204

(Continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business-type Activities-Enterprise Funds			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,896,322	\$ 2,512,172	\$ 254,903	\$ 417,611
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	3,403,512	1,404,937	1,727,937	1,201,791
Change in assets and liabilities				
(Increase) decrease in receivables	(172,078)	(100,393)	(75,823)	115,216
(Increase) decrease in inventories and prepaid items	(65,968)	31,692	(33,385)	(26,453)
Increase (decrease) in accounts payable	(1,439,007)	249,851	(889,878)	16,345
Increase (decrease) in accrued liabilities	7,260	(46,542)	1,827	(10,135)
Increase (decrease) net pension liability	160,276	(94,470)	1,517	(83,090)
(Increase) in deferred outflows	(65,879)	2,142	(7,762)	17,227
Increase (decrease) in deferred inflows	37,782	29,864	26,936	1,601
Increase in net OPEB liability	6,335	6,985	2,790	1,334
Total Adjustments	1,872,233	1,484,066	754,159	1,233,836
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 4,768,555	\$ 3,996,238	\$ 1,009,062	\$ 1,651,447
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contribution of capital assets from outside sources	\$ -	\$ 73,095	\$ 3,721,354	\$ -
Capital Assets financed through loan agreement	\$ -	\$ 4,000,000	\$ -	\$ -
Contributions of capital assets from Governmental Activities	\$ -	\$ -	\$ 2,698,819	\$ 151,700

See notes to financial statements.

EXHIBIT 7
(continued)

Business-type Activities-Enterprise Funds

Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ (4,300,016)	\$ 1,780,991	\$ 2,592,663
1,101,442	8,839,619	37,322
(11,841)	(244,919)	(102,137)
(1,476)	(95,590)	92,116
(1,276,640)	(3,339,329)	(290,131)
9,089	(38,501)	(1,303)
148,948	133,181	(135,774)
(83,557)	(137,829)	16,103
44,837	141,019	20,140
11,002	28,446	-
<u>(58,196)</u>	<u>5,286,097</u>	<u>(363,664)</u>
<hr/> \$ (4,358,212)	<hr/> \$ 7,067,090	<hr/> \$ 2,228,999
<hr/> \$ 1,785,106	<hr/> \$ 5,579,555	<hr/> \$ -
<hr/> \$ -	<hr/> \$ 4,000,000	<hr/> \$ -
<hr/> \$ 468,228	<hr/> \$ 3,318,747	<hr/> \$ -

CITY OF DUBUQUE, IOWA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2018

EXHIBIT 8

	<u>Agency Funds</u>
ASSETS	
Cash and pooled cash investments	\$ 2,261,320
Accounts receivable	49,207
Prepays	21,246
Accrued interest	2,108
Notes Receivable	<u>2,000,000</u>
Total Assets	<u>\$ 4,333,881</u>
LIABILITIES	
Due to other agency	<u>4,333,881</u>
Total Liabilities	<u>\$ 4,333,881</u>

See notes to financial statements.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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
17. Accounting Change/Restatement

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, \$619,039 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, 2018

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, 2018

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, for the Dubuque Racing Association, and for the decommissioning of the prior Flexsteel site.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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, 2018, and 2018 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 reported as a deferred inflow of resources 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 cost 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, 2018

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 and OPEB 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, 2018

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 issuance's are reported as other financing sources while discounts on debt issuance's 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.

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position/Fund Balance

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

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

- Net investment in capital assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds were \$4,184,142 for the governmental activities and \$10,155,782 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, 2018 consists of \$261,118 for debt service and \$24,685 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. Positive unassigned fund balance amount is only appropriate in the general fund. However in governmental funds, other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Implementation of GASB Statement No. 75

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard is included in Note 10.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit net position amounts as of June 30, 2018:

Internal Service Funds:

General Service	\$	881,484
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The General Service deficit will be addressed during next fiscal year's reallocation of expenses.

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 \$55,410,020, and the bank balance was \$56,496,655. The City's deposits in banks at June 30, 2018, 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 \$11,183,115, and the bank balance was \$11,431,784. The Agency's deposits in banks at June 30, 2018, 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, 2018

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

Investments. As of June 30, 2018, the City had the following investments and maturities. (The City assumes callable bonds will not be called):

Investment Type	Investment Maturities (In Years)				Total
	Less Than 1	1 to 5	6 to 10	More than 10	
Money Market Funds-					
U.S. Treasury	\$ 504,760	\$ -	\$ -	\$ -	\$ 504,760
U.S. Treasury Securities	-	-	-	2,570,653	2,570,653
Federal Agency Obligations	1,615,568	20,605,077	42,587	3,685,624	25,948,856
Managed Accounts L/T CD	-	241,091	-	-	241,091
Corporate Stock	89,885	-	-	-	89,885
	<u>\$ 2,210,213</u>	<u>\$ 20,846,168</u>	<u>\$ 42,587</u>	<u>\$ 6,256,277</u>	<u>\$ 29,355,245</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 instrumentality's; 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, 2018

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, 2018.

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	55,410,020
Carrying amount of investments	29,355,245
<hr/>	<hr/>
Total	\$ 84,782,750
Government-wide	
Cash and pooled cash investments	\$ 64,275,903
Cash and pooled cash investments - temporarily restricted	18,176,115
Cash and pooled cash investments - permanently restricted	69,412
Fiduciary	
Cash and pooled cash investments	2,261,320
Total	\$ 84,782,750

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	\$ 11,183,115
Total	\$ 11,184,315
<hr/>	<hr/>
Cash and pooled cash investments	\$ 3,576,089
Cash and pooled cash investments - temporarily restricted	7,608,226
Total	\$ 11,184,315

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2017) follows:

Deposits	\$ 2,019,075
Beneficial interest in assets held by others	1,345,313
<u>Total</u>	<u>\$ 3,364,388</u>

Cash and pooled cash investments	\$ 2,019,075
Cash and pooled cash investments-temporarily restricted	1,345,313
<u>Total</u>	<u>\$ 3,364,388</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, 2018) follows:

Deposits	\$ 142,874
<u>Total</u>	<u>\$ 142,874</u>
Cash and pooled cash investments	\$ 25,482
Cash and pooled cash investments-temporarily restricted	117,392
<u>Total</u>	<u>\$ 142,874</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018 the City had the following notes receivable.

Economic Development Notes Receivable:

	Original Balance	Interest Rate	Issued	Maturity	Balance	Current Portion
Downtown Rehabilitation Loan Program						
Harry & Rosey's	\$ 300,000	3 %	2011	7/1/2031	\$ 262,002	\$ 16,733
Clark Wolff	150,000	3	2001	5/1/2022	36,845	9,001
Dubuque Museum of Art	300,000	3	1999	7/1/2021	108,498	53,586
Gronen Adaptive	300,000	2	2006	5/1/2036	168,156	7,884
HJD Landlord LLC	466,000	3	2016	4/1/2036	466,000	-
Interstate Building LLP	300,000	3	2010	9/22/2015	254,592	17,462
Lower Main Development, LLC	300,000	3	2006	3/1/2026	122,071	13,091
Urban Development						
Action Grant						
40 Main, LLC - Note A	300,000	-	2009	7/1/2016	268,750	13,750
Downtown Housing Incentive Loan						
Caradco Landlord, LLC	4,500,000	3	2012	6/1/2030	3,367,700	34,223
40 Main Real Estate Loan	156,583	-	2009	11/1/2015	156,583	-
Sales Tax Construction						
DB&T Community Development Corporation	1,700,000	-	2012	2/1/2032	<u>1,700,000</u> <u>\$ 6,911,197</u>	<u>-</u> <u>\$ 165,730</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 %	\$ 282,237	\$ 57,000
Local Housing Assistance Program (LHAP)	6	54,633	4,000
Homebuyers Assistance Program	6	1,353,198	147,000
Infill	6	229,010	48,000
RRP Reserve	-	184,633	11,000
Washington Neighborhood Revitalize	-	58,124	5,000
The Accessibility Rehabilitation Program (for rentals)	6	291,571	25,000
Iowa Finance Authority	-	298,887	15,368
HOME Program (1)	-	217,288	27,000
Historic Preservation Revolving Loan Fund/Historic Preservation Housing Forgivable Loan Program	6	20,911	13,000
MicroLending	-	67,280	5,000
TIF Receivables			
Roasting Solutions	-	289,800	-
		<u>\$ 3,347,572</u>	<u>\$ 357,368</u>

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

At December 31, 2017, Dubuque Initiatives and Subsidiaries had the following notes receivable:

Lower Main Development, 4.00%, unsecured, matures August 2018	\$ 9,810
City of Dubuque, 5.00%, unsecured, matures July 2023	<u>181,827</u>
Total notes receivable	191,637
Less: current maturities	<u>(24,375)</u>
Noncurrent portion	<u>\$ 167,262</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2018, 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	\$ 180,873	\$ -
Internal Service	-	27,798
Nonmajor Governmental	-	153,075
	<u>\$ 180,873</u>	<u>\$ 180,873</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, 2018

NOTE 5 – INTERFUND BALANCES AND TRANSFERS (continued)

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Transfer to	Transfers From						Non Major Enterprise	Internal Service	Total
	General	Tax Increment Financing	Debt Services	Nominal Governmental	Sever Disposal Works	Water Utility			
General	\$ -	\$ 529,884	\$ -	\$ 4,685,100	\$ 142,884	\$ 142,884	\$ -	\$ 12,973	\$ 5,513,725
Tax increment financing	1,356,337	7,301,393	375,384	-	-	-	736,042	-	1,111,426
Debt Services	-	-	-	1,057,036	-	-	-	-	9,714,766
Nonmajor Governmental	302,466	1,192,913	-	795,897	-	-	257,993	-	2,549,179
Sewer disposal works	-	302,030	-	-	-	772,607	-	-	1,074,637
Water utility	-	-	-	10,259	-	-	-	-	10,259
Stormwater utility	125,876	-	92,530	311,699	-	-	-	-	530,105
Parking facilities	-	655,384	-	-	-	-	-	-	655,384
Nonmajor enterprise	1,771,108	-	-	115,185	-	-	-	-	1,886,293
	<u>\$ 3,555,787</u>	<u>\$ 9,981,604</u>	<u>\$ 467,914</u>	<u>\$ 6,975,086</u>	<u>\$ 142,884</u>	<u>\$ 142,884</u>	<u>\$ 736,042</u>	<u>\$ 257,993</u>	<u>\$ 23,045,774</u>

Net capital assets of \$468,228 were transferred from governmental capital assets to transit. The transfer was reported as a capital contribution in the Transit Fund. Net capital assets of \$151,700 were transferred from governmental capital assets to parking. The transfer was reported as a capital contribution in the Parking Fund. Net capital assets of \$2,698,818 were transferred from governmental capital assets to stormwater. The transfer was reported as a capital contribution in the Stormwater 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, 2018

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

Primary Government:

Governmental activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 80,134,817	\$ -	\$ -	\$ -	\$ (1,824,818)	\$ 78,309,999
Construction in Progress	44,673,966	-	-	10,944,394	(5,663,430)	49,954,930
Total Capital assets, not being depreciated	124,808,783	-	-	10,944,394	(7,488,248)	128,264,929
Capital assets, being depreciated:						
Buildings	140,998,926	-	-	321,201	-	141,320,127
Improvements other than buildings	23,874,592	-	-	171,094	-	24,045,686
Machinery and equipment	47,225,119	-	-	4,695,607	(1,232,666)	50,688,060
Infrastructure	231,930,452	-	-	2,274,316	-	234,204,768
Total capital assets, being depreciated	444,029,089	-	-	7,462,218	(1,232,666)	450,258,641
Less accumulated depreciation for:						
Buildings	(41,008,391)	-	-	(2,419,842)	-	(43,428,233)
Improvements other than buildings	(10,837,876)	-	-	(812,953)	-	(11,650,829)
Machinery and Equipment	(25,319,806)	-	-	(3,187,906)	1,160,000	(27,347,712)
Infrastructure	(75,112,333)	-	-	(3,497,911)	-	(78,610,244)
Total accumulated depreciation	(152,278,406)	-	-	(9,918,612)	1,160,000	(161,037,018)
Total capital assets, being depreciated, net	291,750,683	-	-	(2,456,394)	(72,666)	289,221,623
Governmental activities capital assets, net	<u>\$ 416,559,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,488,000</u>	<u>\$ (7,560,914)</u>	<u>\$ 417,486,552</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – CAPITAL ASSETS (continued)

Business-type activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 24,185,903	\$ -	\$ -	\$ 213,320	\$ -	\$ 24,399,223
Construction in progress	6,507,417	-	-	14,597,802	(15,285,437)	5,819,782
Total Capital assets, not being depreciated	<u>30,693,320</u>	<u>-</u>	<u>-</u>	<u>14,811,122</u>	<u>(15,285,437)</u>	<u>30,219,005</u>
Capital assets, being depreciated:						
Buildings	152,109,778	-	-	6,429,567	-	158,539,345
Improvements other than buildings	161,541,263	-	-	6,519,303	-	168,060,566
Machinery and equipment	110,364,436	-	-	2,056,128	(90,603)	112,329,961
Total capital assets, being depreciated	<u>424,015,477</u>	<u>-</u>	<u>-</u>	<u>15,004,998</u>	<u>(90,603)</u>	<u>438,929,872</u>
Less accumulated depreciation for:						
Buildings	(51,271,168)	-	-	(1,979,071)	-	(53,250,239)
Improvements other than buildings	(30,621,911)	-	-	(2,977,109)	-	(33,599,020)
Machinery and equipment	(37,234,325)	-	-	(3,883,439)	90,603	(41,027,161)
Total accumulated depreciation	<u>(119,127,404)</u>	<u>-</u>	<u>-</u>	<u>(8,839,619)</u>	<u>90,603</u>	<u>(127,876,420)</u>
Total capital assets, being depreciated, net	<u>304,888,073</u>	<u>-</u>	<u>-</u>	<u>6,165,379</u>	<u>-</u>	<u>311,053,452</u>
Business-type activities capital assets, net	<u>\$ 335,581,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,976,501</u>	<u>\$ (15,285,437)</u>	<u>\$ 341,272,457</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – CAPITAL ASSETS (continued)

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

Governmental activities:

Public safety	\$ 906,221
Public works	6,006,667
Health and social services	5,496
Culture and recreation	2,104,625
Community and economic development	20,674
General government	837,607
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	37,322
Total depreciation expense - governmental activities	<u>\$ 9,918,612</u>

Business-type activities:

Sewage disposal works	\$ 3,403,512
Water utility	1,404,937
Stormwater utility	1,727,937
Parking facilities	1,201,791
Refuse collection	334,286
Salt	27,639
Transit system	739,517
Total depreciation expense - business-type activities	<u>\$ 8,839,619</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – CAPITAL ASSETS (continued)

Dubuque Metropolitan Area Solid Waste Agency (Component Unit):

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 2,952,666	\$ -	\$ -	\$ -	\$ -	\$ 2,952,666
Construction in progress	1,188,803	-	-	2,440,990	-	3,629,793
Total Capital assets, not being depreciated	4,141,469	-	-	2,440,990	-	6,582,459
Capital assets, being depreciated:						
Buildings	106,495	-	-	101,220	-	207,715
Improvements other than buildings	13,668,654	-	-	-	-	13,668,654
Machinery and equipment	4,140,006	-	-	445,560	(537,454)	4,048,112
Total capital assets, being depreciated	17,915,155	-	-	546,780	(537,454)	17,924,481
Less accumulated depreciation for:						
Buildings	(55,943)	-	-	(5,436)	-	(61,379)
Improvements other than buildings	(6,891,380)	-	-	(243,292)	-	(7,134,672)
Machinery and equipment	(2,872,535)	-	-	(207,454)	519,881	(2,560,108)
Total accumulated depreciation	(9,819,858)	-	-	(456,182)	519,881	(9,756,159)
Total capital assets, being depreciated, net	8,095,297	-	-	90,598	(17,573)	8,168,322
Dubuque Metropolitan Area Solid Waste, capital assets	\$ 12,236,766	\$ -	\$ -	\$ 2,531,588	\$ (17,573)	\$ 14,750,781

Depreciation expense of \$456,182 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – CAPITAL ASSETS (continued)

Dubuque Initiatives (Component Unit):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 117,723	\$ -	\$ -	\$ 117,723
Construction in Progress	-	121,193	-	121,193
Total Capital assets, not being depreciated	117,723	121,193	-	238,916
Capital assets, being depreciated:				
Buildings & Land				
Improvements	45,549,283	127,171	-	45,676,454
Other Property	23,107	8,628	-	31,735
Total capital assets, being depreciated	45,572,390	135,799	-	45,708,189
Less accumulated depreciation for:				
Buildings	(7,852,793)	(1,278,556)	-	(9,131,349)
Improvements other than buildings	(30,258)	(298)	-	(30,556)
Total accumulated depreciation	(7,883,051)	(1,278,854)	-	(9,161,905)
Total capital assets, being depreciated, net	37,689,339	(1,143,055)	-	36,546,284
Dubuque Initiatives, capital assets	\$ 37,807,062	\$ (1,021,862)	\$ -	\$ 36,785,200

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$111,020,500. During fiscal year 2018, the City issued \$5,955,000 of general obligation bonds, \$5,750,000 of which was used for a current refunding bonds. The City refunded \$5,695,000 of general obligation bonds. The refunding was undertaken to reduce total debt service payments. The results of the transaction is a reduction of \$235,053 in future debt service payments for an economic gain of \$197,121.

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, 2018, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate Purpose Series 2012A	03/15/2012	06/01/14-06/01/31	2.00-3.00	4,380,000	3,335,000
Corporate Purpose and Refund Series 2012B	03/15/2012	06/01/13-06/01/31	2.00-3.13	7,495,000	5,645,000
Corporate Purpose (taxable) Series 2012C	06/28/2012	06/01/14-06/01/32	2.00-3.90	6,965,000	5,465,000
Corporate Purpose Series 2012D	06/28/2012	06/01/14-06/01/32	2.00-3.46	7,175,000	4,710,000
Corporate Purpose Series 2012E	12/12/2012	06/01/14-06/01/32	2.00-3.00	3,640,000	2,625,000
Corporate Purpose (taxable) Series 2012F	12/10/2012	06/01/14-06/01/22	1.00-2.20	1,035,000	540,000
Corporate Purpose Series 2012H	12/10/2012	06/01/15-06/01/32	2.00-3.00	2,385,000	1,735,000
Corporate Purpose (taxable) and Refund Series 2012I	12/04/2013	06/01/13-06/01/21	0.30-2.20	7,285,000	1,475,000
Corporate Purpose Series 2014B	12/08/2014	06/01/16-06/01/34	3.00-3.65	18,835,000	17,928,427
Corporate Purpose (taxable) Series 2014C	12/08/2014	06/01/16-06/01/34	3.00-4.16	7,615,000	7,310,000
Corporate Purpose Series 2016A	04/04/2016	06/01/17-06/01/35	2.00-3.75	2,830,000	2,580,000
Corporate Purpose Refunding Series 2016B	04/04/2016	06/01/16-06/01/28	2.00-3.00	10,920,000	7,820,000
Corporate Purpose Series 2016C	04/04/2016	06/01/17-06/01/35	2.00-3.13	4,145,000	3,800,000
Corporate Purpose Series 2017A	04/17/2017	06/01/18-06/01/30	3.00	8,495,000	7,365,000
Corporate Purpose Refunding Series 2017B	04/17/2017	06/01/18-06/01/30	3.00	9,745,500	9,120,000
Corporate Purpose Refunding Series 2017C	04/17/2017	06/01/18-06/01/30	3.00-3.45	2,120,000	2,005,000
Corporate Purpose Series 2018A	03/19/2018	06/01/18-06/01/31	3.00-4.00	4,950,000	4,950,000
Corporate Purpose Refunding Series 2018B	03/19/2018	06/01/18-06/01/26	3.00-3.15	1,005,000	1,005,000
				\$ 111,020,500	\$ 89,413,427

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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
2019	\$ 4,821,734	\$ 1,392,523	\$ 2,918,266	\$ 1,271,682
2020	4,864,365	1,268,245	2,945,635	1,179,879
2021	4,521,539	1,145,301	2,878,462	1,097,164
2022	3,330,837	1,025,706	2,969,163	1,014,909
2023	3,197,337	940,561	3,037,663	929,536
2024-2028	14,949,377	3,451,221	14,780,623	3,310,599
2029-2033	11,098,567	1,228,945	10,146,433	1,171,787
2034-2035	1,391,122	57,312	1,562,304	61,469
Total	<u>\$ 48,174,878</u>	<u>\$ 10,509,814</u>	<u>\$ 41,238,549</u>	<u>\$ 10,037,025</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, 2018, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount	Amount	Current Portion
				Originally Issued	Outstanding End of Year	
Diamond Jo Parking Ramp	10/16/07	06/01/11-06/01/37	7.50%	\$ 23,025,000	\$ 20,045,000	\$ 510,000
				\$ 23,025,000	\$ 20,045,000	\$ 510,000

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
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	680,000	1,332,000
2024-2028	4,245,000	5,834,375
2029-2033	6,100,000	3,963,750
2034-2037	6,735,000	1,308,375
Total	<u>\$ 20,045,000</u>	<u>\$ 18,212,500</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount	Amount
				Originally Issued	Outstanding End of Year
Water Utility Series 2008D	11/04/2008	06/01/10-06/01/23	3.00-5.00 %	\$ 1,195,000	\$ 500,000
Water Utility Series 2010D	09/21/2010	06/01/12-06/01/30	2.00-4.00	5,700,000	4,310,000
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>\$ 32,800,000</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 \$498,228 and \$3,973,098, 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, 2018, 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 \$42,433,428.

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

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
2019	\$ 315,000	\$ 945,288
2020	330,000	934,308
2021	340,000	922,698
2022	355,000	910,598
2023	2,490,000	897,275
2024-2028	19,005,000	4,276,161
2029-2031	9,965,000	747,100
Total	<u>\$ 32,800,000</u>	<u>\$ 9,633,428</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, 2018, are as follows:

Purpose	Date of		Interest Rates	Originally Issued	Amount	
	Issue	Maturity Dates			Outstanding End of Year	Current Portion
40 Main LLC	08/06/09	06/01/11-06/01/37	6.50 %	\$ 690,529	\$ 255,881	\$ 79,827

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
2019	\$ 79,827	\$ 15,582
2020	85,174	10,235
2021	90,880	4,529
Total	<u>\$ 255,881</u>	<u>\$ 30,346</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$1,346,966 of SRF debt in 2018 as part of the Bee Branch stormwater construction project and \$375,384 for green alley projects reducing stormwater run off, and \$489,758 for the Catfish Creek stabilization project. The City has pledged income derived from the acquired or constructed assets to pay debt service. The City issued an additional 3,904,958 in SRF debt to finance the west side water system expansion. Capital loan notes payable at June 30, 2018, are as follows:

Purpose	Date Authorized	Final	Interest	Amount Authorized	Amount	Current Portion
		Maturity			Outstanding End of Year	
Drinking Water	10/18/07	06/01/28	3.25 %	\$ 1,037,000	\$ 527,000	\$ 45,000
Clean Water	01/14/09	06/01/28	3.25	1,847,000	1,063,000	92,000
North Catfish Creek Stormwater	01/13/10	06/01/30	3.25	800,000	540,000	38,000
North Catfish Creek Sewer	01/13/10	06/01/30	3.25	912,000	616,000	43,000
Water Meter Replacement	02/12/10	06/01/30	3.25	7,676,000	2,284,000	144,000
Water and Resource Recovery Center	08/18/10	06/01/39	2.00	74,285,000	62,852,060	2,439,000
Bee Branch Sewer	10/27/10	06/01/41	3.25	7,850,000	6,627,000	198,000
Cogeneration	05/17/13	06/01/33	2.00	3,048,000	2,395,000	138,000
Meter Replacement Sewer	05/31/13	06/01/30	3.25	3,058,000	2,284,000	144,000
Bee Branch Stormwater	02/18/14	06/01/33	2.00	1,029,000	55,720	46,000
Bee Branch Stormwater	06/19/15	06/01/37	2.00	31,417,953	29,617,472	1,154,778
Bee Branch Stormwater	07/07/17	06/01/37	2.00	10,198,000	3,903,958	1,000
				\$ 143,157,953	\$ 112,765,210	\$ 4,482,778

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

Fiscal Year June 30	Business-type Activities	
	Principal	Interest
2019	\$ 4,482,778	\$ 2,432,167
2020	5,064,498	2,334,761
2021	4,349,070	2,224,951
2022	5,156,292	2,128,974
2023	5,207,646	2,016,521
2024-2028	26,789,958	8,361,019
2029-2033	25,567,000	5,449,132
2034-2038	34,982,968	1,966,940
2039-2041	1,165,000	76,537
Total	\$ 112,765,210	\$ 26,991,002

At June 30, 2018, the City of Dubuque had \$7,244,223 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 2019. 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, 2018

NOTE 7 – LONG-TERM DEBT (continued)

Loans Payable. Loans payable have been issued to fund several City projects. Loans payable at June 30, 2018, 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	\$ 181,826	\$ 29,495
Iowa Finance Authority	08/26/11	06/01/20-06/01/30	3.0	4,500,000	3,367,700	33,969
Bowling & Beyond Inc.	07/25/12	12/04/12-12/04/32	-	1,000,000	700,000	50,000
Western Rural Water	12/27/16	12/01/17-12/01/21	3.0	5,000,000	4,000,000	1,000,000
				<u>\$ 10,900,000</u>	<u>\$ 8,249,526</u>	<u>\$ 1,113,464</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
2019	\$ 83,969	\$ 101,031		\$ 1,029,495	\$ 128,727
2020	84,988	100,012		1,030,988	97,234
2021	251,882	98,962		1,032,557	65,665
2022	257,938	92,906		1,034,205	34,017
2023	264,176	86,668		35,937	2,285
2024-2028	1,421,203	333,016		18,644	467
2029-2032	1,703,544	82,540		-	-
Total	<u>\$ 4,067,700</u>	<u>\$ 895,135</u>		<u>\$ 4,181,826</u>	<u>\$ 328,395</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 – LONG-TERM DEBT (continued)

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2018, was as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 53,024,994	\$ 1,886,552	\$ (6,736,668)	\$ 48,174,878	\$ 4,821,734
Unaccrued premium	831,820	18,688	(141,327)	709,181	-
Unamortized discounts	(56,095)	-	5,534	(50,561)	-
Total general obligation bonds	<u>53,800,719</u>	<u>1,905,240</u>	<u>(6,872,461)</u>	<u>48,833,498</u>	<u>4,821,734</u>
Tax increment financing bonds	20,520,000	-	(475,000)	20,045,000	510,000
Unamortized discounts	(186,310)	-	8,872	(177,438)	-
Total tax increment financing bonds	<u>20,333,690</u>	<u>-</u>	<u>(466,128)</u>	<u>19,867,562</u>	<u>510,000</u>
Notes payable	451,763	-	(195,882)	255,881	79,827
Loans payable	4,650,000	-	(582,300)	4,067,700	83,969
Compensated absences	5,490,843	2,642,243	(2,627,426)	5,505,660	432,776
Net pension liability	46,800,991	-	(2,303,611)	44,497,380	-
Total OPEB liability	4,190,697	745,912	-	4,936,609	-
Total governmental activities	<u>\$ 135,718,703</u>	<u>\$ 5,293,395</u>	<u>\$ (13,047,808)</u>	<u>\$ 127,964,290</u>	<u>\$ 5,928,306</u>
Business-type activities:					
General obligation bonds	\$ 43,705,012	\$ 4,068,443	\$ (6,534,906)	\$ 41,238,549	\$ 2,918,267
Unaccrued premium	817,707	59,329	(102,833)	774,203	-
Unamortized discounts	(35,696)	-	2,854	(32,842)	-
Total general obligation bonds	<u>44,487,023</u>	<u>4,127,772</u>	<u>(6,634,885)</u>	<u>41,979,910</u>	<u>2,918,267</u>
Revenue bonds	33,105,000	-	(305,000)	32,800,000	315,000
Unaccrued premium	799,528	-	(66,360)	733,168	-
Unamortized discounts	(63,962)	-	4,927	(59,035)	-
Total revenue bonds	<u>33,840,566</u>	<u>-</u>	<u>(366,433)</u>	<u>33,474,133</u>	<u>315,000</u>
Capital loan notes	110,513,944	6,117,066	(3,865,800)	112,765,210	4,482,778
Loans payable	5,209,902	-	(1,028,076)	4,181,826	1,029,495
Compensated absences	766,296	358,042	(396,526)	727,812	101,254
Net pension liability	5,740,059	133,181	-	5,873,240	-
Total OPEB liability	919,105	160,519	-	1,079,624	-
Total business-type activities	<u>\$ 201,476,895</u>	<u>\$ 10,896,580</u>	<u>\$ (12,291,720)</u>	<u>\$ 200,081,755</u>	<u>\$ 8,846,794</u>

For the governmental activities, compensated absences, net pension liability and Total 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, 2018

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, 2018 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	\$ 3,930,000
Landfill Facility	12/28/2016	06/01/17-06/01/36	3.0	5,100,000	4,800,000
				<u>\$ 9,600,000</u>	<u>\$ 8,730,000</u>

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

Fiscal Year June 30	Principal	Interest
2019	400,000	262,659
2020	410,000	250,659
2021	425,000	238,359
2022	435,000	225,609
2023	450,000	210,459
2024-2028	2,455,000	860,831
2039-2033	2,860,000	480,055
2034-2036	<u>1,295,000</u>	<u>74,760</u>
Total	<u>\$ 8,730,000</u>	<u>\$ 2,603,391</u>

Changes in Long-Term Liabilities. Long term liability activity for the year ended June 30, 2018 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bond	\$ 9,125,000	\$ -	\$ (395,000)	\$ 8,730,000	\$ 400,000
Unaccrued premium	243,243	-	(12,857)	230,386	-
Total general obligation bond	<u>\$ 9,368,243</u>	<u>\$ -</u>	<u>\$ (407,857)</u>	<u>\$ 8,960,386</u>	<u>\$ 400,000</u>

**CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – LONG-TERM DEBT (continued)

Dubuque Area Convention and Visitors Bureau. At June 30, 2018, CVB had the following notes and loan payable:

Noninterest-bearing note payable due to the Greater Dubuque Development Corporation in yearly installments of \$30,560, starting July 10, 2014 through July 10, 2018, discounted at imputed interest rate of 4.125%, secured by real estate	\$	30,526
Noninterest-bearing note payable due to the Greater Dubuque Development Corporation in yearly installments of \$9,760, starting October 10, 2014 through October 10, 2018, discounted at imputed interest rate of 4.125%, secured by real estate		9,648
Bank loan, due in monthly installments of \$370, including interest at 4.74%, maturing April 15, 2021, secured by vehicle		11,736
Capitalized lease obligations		3,694
		55,604
Less: Current maturities		(47,834)
Non-current liability	\$	7,770

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

Year	Amount
2019	\$ 47,834
2020	4,159
2021	3,611
	<hr/>
	\$ 55,604

Amortization on the discount on the non-interest bearing notes payable of \$1,887 and \$3,274 for the years ended June 30, 2018 and 2017 is reported as interest expense on the statements of activities.

During the year ended June 30, 2014, the bureau obtained a loan in the amount of \$152,800 from the Greater Dubuque Development Corporation. The loan bears 0% interest and is payable in five equal annual payments of \$30,560 beginning July 10, 2014. To reflect the time value of money, the liability for the note payable reflects future payments discounted at an imputed interest rate of 4.125%, which was the Bureau's long-term borrowing rate in February 2014.

During the year ended June 30, 2014, the Bureau obtained a loan in the amount of \$48,800 from the Dubuque Chamber of Commerce. The loan bears 0% interest and is payable in five equal annual payments of \$9,760 beginning October 10, 2014. To reflect the time value of money, the liability for the note payable reflects future payments discounted at an imputed interest rate of 4.125%. 88

**CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – LONG-TERM DEBT (continued)

Dubuque Initiatives. At December 31, 2017, Dubuque Initiatives long-term debt consists of a note payable to a bank totaling \$5,209,735 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.

The scheduled maturities of long-term debt are as follows:

Year	Amount
2018	\$ 489,518
2019	508,955
2020	529,162
2021	550,173
2022	3,131,927
	\$ 5,209,735

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$13,963,891 for 2018. 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 \$750,000, and an aggregate-stop loss consistent with statutory limits for 2018. 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 participate in both programs and make 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 \$499,834 in the Health Insurance Reserve Fund and \$996,687 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, 2018 and 2017, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
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	704,944	1,118,237
Claims and changes in estimates during fiscal year 2018	9,540,883	721,516
Claim payments	(9,745,993)	(843,066)
Liabilities at June 30, 2018	<u>\$ 499,834</u>	<u>\$ 996,687</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 775 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 property 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, 2018, were \$457,222.

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 \$500,000 per claim. Excess coverage is provided for claims exceeding \$500,000 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, property loss 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, 2018, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018.

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, 2018. The City has additional commitments for signed construction contracts of \$9,385,587 as of June 30, 2018. 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 for only that portion of construction contracts representing construction completed through June 30, 2018. DMASWA has an additional commitment for a signed construction contract of \$28,607 as of June 30, 2018. This commitment will be funded by bond proceeds.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. 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 522 active and 89 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.

Total OPEB Liability - The City's OPEB liability of \$6,016,233 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. The City's proportion is basesd on the number of employees in the plan. The City's porportion was 98.1% as of June 30, 2018

Changes in the Total OPEB Liability

	Total OPEB Liabiilty
Total OPEB Liability beginning of year, as restated	\$ 5,844,069
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Changes for the year:	
Service cost	277,811
Interest	172,202
Other changes	58,583
Changes in assumptions	138,376
Benefit payments	(474,808)
Net Changes	172,164
Total OPEB Liability end of year	<hr/> <hr/> \$ 6,016,233

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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, 2017 actuarial valuation date, the Entry Age Normal method was used. The actuarial assumptions include a 2.98% discount rate based on the S&P Municipal Bond 20-year High-Grade Rate Index as of June 29, 2018. The Healthcare cost trend rate of 7.00% initially until fiscal year 2020, decreasing by .25% annually to an ultimate rate of 5.00% in 2028. Salary increase is 4% annually. The underlying inflation rate is 3%.

Mortality rates are from the RP2014 Group Annuity Mortality Table for males and females. Annual retirement and termination probabilities were developed consistent with the City's experience and the IPERS and MFPRSI retirement patterns. Annual turnover rates were based on Table T-2 from the Pension Actuary's Handbook.

Projected claim costs of the medical plan are \$11,955-\$17,015 per year for retirees depending on the age of retiree. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actual experience dates study with dates corresponding to those listed above.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB Liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.98%) or 1% higher (3.98%) than the current discount rate.

	1% Decrease (1.98%)	Discount Rate (2.98%)	1% Increase (3.98%)
Total OPEB Liability	\$ 6,460,150	\$ 6,016,233	\$ 5,603,719

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB Liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB Liability	\$ 5,432,929	\$ 6,016,233	\$ 6,706,838

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2018 the City recognized OPEB expense of \$469,905. At June 30, 2018 the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in Assumptions	<u>\$ 177,086</u>

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Amount
2019	\$ 19,874
2020	19,874
2021	19,874
2022	19,874
2023	19,874
Thereafter	77,716
	<u>\$ 177,086</u>

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

Total OPEB Liability - DMASWA OPEB liability of \$116,294 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. The Agency's portion is based on the number of employees in the plan. The agency's portion was 1.9% as of June 30, 2018.

	Total OPEB Liability
Total OPEB Liability beginning of year, as restated	<u>\$ 112,959</u>
Changes for the year:	
Service Cost	5,380
Interest	3,335
Other Changes	1,137
Changes in assumptions	2,679
Benefit payments	<u>(9,196)</u>
Net Changes	3,335
Total OPEB Liability end of year	<u>\$ 116,294</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate- The following presents the total OPEB Liability of the DMASWA, as well as what the DMASWA's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.98%) or 1% higher (3.98%) than the current discount rate.

	1% Decrease (1.98%)	Discount Rate (2.98)	1% Increase (3.98%)
Total OPEB Liability	\$ 124,856	\$ 116,294	\$ 108,303

Sensitivity of the DMASWA's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates- The following presents the total OPEB Liability of the DMASWA, as well as what the DMASWA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.0%)	1% Increase (8.00%)
Total OPEB Liability	\$ 105,002	\$ 116,294	\$ 129,623

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2018 the DMASWA recognized OPEB expense of \$9,082. At June 30, 2018 the DMASWA reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in Assumptions	\$ 3,429

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending	June 30 Amount
2019	\$ 384
2020	384
2021	384
2022	384
2023	384
Thereafter	1,509
	<hr/>
	\$ 3,429
	<hr/>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – EMPLOYEE PENSION PLANS

Iowa Public Employees Retirement System IPERS

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

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

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

- A multiplier based on years of service.
- The member's highest five-year average salary, 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, 2018

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 2018, 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, 2018 were \$2,234,886. The Dubuque Metropolitan Area Solid Waste Agency's total contributions to IPERS for the year ended June 30, 2018 were \$56,884.

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, 2018, the City reported a liability of \$22,308,561 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's collective proportion was .33490% which was a increase of 0.00784% from its proportion measured as of June 30, 2016.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

For the year ended June 30, 2018, the City recognized pension expense of \$2,829,959. At June 30, 2018, 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
Differences between expected and actual experience	\$ 204,814	\$ 193,286
Changes of assumptions	3,876,209	-
Net difference between projected and actual earnings on IPERS' investments	-	233,004
Changes in proportion and differences between City's contributions and City's proportionate share of contributions	25,325	796,834
City contributions subsequent to the measurement date	<u>2,234,886</u>	<u>-</u>
Total	<u>\$ 6,341,234</u>	<u>\$ 1,223,124</u>

\$2,234,886 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, 2019. 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
2019	\$ 302,081
2020	1,465,228
2021	859,093
2022	18,755
2023	238,066
	<u>\$ 2,883,223</u>

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate- The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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 (6.00%) or 1.00% higher (8.00%) than the current rate.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

	1% Decrease (6.0)%	Discount Rate (7.0)%	1% Increase (8.0)%
City's proportionate share of the net pension liability:	\$ 36,755,560	\$ 22,308,561	\$ 10,170,308

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, 2018, the DMASWA reported a liability of \$567,817 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 0.008524% which was a decrease of 0.001148% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the DMASWA recognized pension expense of \$72,031. At June 30, 2018, 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	\$ 5,213	\$ 4,920
Changes of assumptions	98,660	-
Net difference between projected and actual earnings on IPERS' investments	-	5,930
Net changes in proportion and differences between City's contributions and City's proportionate share of contributions	645	20,282
City contributions subsequent to the measurement date	56,884	-
Total	\$ 161,402	\$ 31,132

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

\$56,884 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, 2019. 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
2019	\$ 7,682
2020	37,262
2021	21,847
2022	477
2023	6,118
	<u>\$ 73,386</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 7.00%, 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% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00)%	Discount Rate (7.00)%	1% Increase (8.00)%
Agency's proportionate share of the net pension liability:	\$ 935,533	\$ 567,817	\$ 258,863

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term Investment rate of return (effective June 30, 2017)	7.00% , compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and 0.65% real wage inflation

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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	27 %	2.25%
Domestic Equity	24	6.25
International Equity	16	6.71
Private Equity/debt	11	11.15
Private Real Assets	7.5	4.18
Public Real Assets	7	3.27
Public Credit	3.5	3.46
Private Credit	3	4.25
Cash	1	(0.31)
Total	100 %	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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.

Payables to IPERS - At June 30, 2018, the City reported payables to the defined benefit pension plan of \$7,124 for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018.

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 25.68% for the year ended June 30, 2018.

The City's contributions to MFPSI for the year ended June 30, 2018 was \$3,625,630.

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, 2018.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the City reported a liability of \$28,062,057 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2018

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, 2017, the City's proportion was 4.784868% which was a decrease of 0.168417% from its proportions measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$3,981,322. At June 30, 2018, 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	\$ 1,076,886	\$ 17,074
Changes of assumptions	2,384,670	318,729
Net difference between projected and actual earnings on pension plan investments	1,149,810	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,017,729
City contributions subsequent to the measurement date	3,625,630	-
Total	\$ 8,236,996	\$ 1,353,532

\$3,625,630 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, 2019. 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	Total
June 30	
2019	\$ 476,692
2020	1,964,694
2021	1,023,922
2022	(349,094)
2023	141,620
	\$ 3,257,834

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

Actuarial Assumptions - The total pension liability in the June 30, 2017 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%, including inflation.
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2017 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 Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with five years projection of future mortality improvement with Scale BB.

The long-term expected rate of return on MFPSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of 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	5.5%
Small cap	5.8
International large cap	7.3
Emerging markets	9.0
Emerging markets debt	6.3
Private non-core real estate	8.0
Master limited partnerships	9.0
Private equity	9.0
Core plus fixed income	3.3
Private core real estate	6.0
Tactical asset allocation	6.4

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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:	\$ 46,118,302	\$ 28,062,057	\$ 13,043,874

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.

Payables to MFPSI - At June 30, 2018, City of Dubuque, Iowa reported payables to the defined benefit pension plan of \$5,386 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, 2018

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:

	2018
Closure	\$ 2,964,717
Post-closure care	<u>2,265,000</u>
Totals	<u>\$ 5,229,717</u>

The total closure and post-closure care costs for the DMASWA has been estimated at approximately \$5,229,717 as of June 30, 2018, and the portion of the liability, that has been recognized is \$3,102,165. 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 95% of cell 9 Phase I and 41% of cell 9 Phase II and 1% of cell 9 Phase III. 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 \$4,612,216 as of June 30, 2018. The Agency will recognize the remaining estimated cost of closure and post closure care of \$2,127,552 over the estimated remaining life of 18 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, 2018 is \$6,156,932, with \$142,423 of depreciation expense during the year ended June 30, 2018. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2018, the DRA lease generated \$4,885,361 in lease revenue.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – SUBSEQUENT EVENTS

On November 5, 2018 a public hearing was held on a \$4.9 million Sewer Utility Revenue Capital Loan SRF Note. 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. The loan also has the Eagle Point Park sponsorship project associated with it. On a clean water SRF loan with a sponsorship project, the financing costs are reduced by the amount of the cost of the sponsorship project improvements. Complete action has not yet been taken on the loan.

NOTE 15 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

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

Statement No. 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. 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.

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements, will be effective for the fiscal year June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, will be effective for the fiscal year June 30, 2021. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

Statement No. 90, Majority Equity Interest—an amendment of GASB Statement No. 14 and No. 61, will be effective for the fiscal year June 30, 2020. The primary objective of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, the City abated \$3,725,984 of property tax under the urban renewal and economic development projects.

NOTE 17 – ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental and business-type activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental		Business Type Activities						Component Unit	
	Activities	Sewer	Water	Stormwater	Parking	Refuse	Transit	Business-Type Activities	DMASWA	
Net Position June 30, 2017, as previously reported	\$ 355,612,003	26,506,068	27,261,925	55,159,049	47,755,020	718,515	13,924,195	172,121,902	11,125,236	
Restated June 30, 2017 OPEB Balance	(4,792,891)	(264,542)	(293,923)	(63,130)	(96,654)	(238,574)	(94,355)	(1,051,178)	(112,960)	
Removal of old OPEB Obligation	4,190,697	231,304	256,994	55,198	84,510	208,599	82,500	919,105	98,767	
Net Position July 1, 2017, as restated	\$ 355,009,809	26,472,830	27,224,996	55,151,117	47,742,876	688,540	13,912,340	171,989,829	11,111,043	

**Required Supplementary Information
June 30, 2018
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, 2018

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
RECEIPTS				
Property tax	\$ 23,376,820	\$ 25,062,297	\$ 25,062,297	\$ (1,685,477)
Tax increment financing	12,026,651	11,903,432	11,902,432	124,219
Other City tax	13,218,248	18,061,248	17,864,134	(4,645,886)
Licenses and permits	6,624,629	1,529,906	1,506,032	5,118,597
Use of money and property	14,327,892	12,553,589	13,970,309	357,583
Intergovernmental	40,020,813	41,763,315	78,436,174	(38,415,361)
Charges for fees and service	38,695,869	42,877,311	42,881,139	(4,185,270)
Special assessments	169,950	30,000	30,000	139,950
Miscellaneous	8,883,684	7,681,272	8,375,623	508,061
Total Receipts	157,344,556	161,462,370	200,028,140	(42,683,584)
EXPENDITURES				
Public safety	28,573,783	29,244,056	29,787,146	1,213,363
Public works	11,650,313	12,682,233	13,981,493	2,331,180
Health and social services	854,144	915,654	943,516	89,372
Culture and recreation	11,836,364	12,054,279	12,846,334	1,009,970
Community and economic development	14,753,939	14,755,628	14,676,824	(77,115)
General government	9,124,758	9,029,607	9,587,835	463,077
Debt service	12,775,123	10,873,974	16,587,436	3,812,313
Capital projects	28,749,793	29,769,433	71,146,986	42,397,193
Business-type activities	51,139,963	50,388,083	84,424,646	33,284,683
Total Expenditures	169,458,180	169,712,947	253,982,216	84,524,036
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES	(12,113,624)	(8,250,577)	(53,954,076)	41,840,452
OTHER FINANCING SOURCES, NET	14,915,128	13,966,052	55,737,540	(40,822,412)
EXCESS DEFICIENCY OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	2,801,504	5,715,475	1,783,464	1,018,040
BALANCE, BEGINNING OF YEAR	72,540,864	24,386,716	38,312,793	-
BALANCE, ENDING OF YEAR	\$ 75,342,368	\$ 30,102,191	\$ 40,096,257	\$ 1,018,040

See Notes to Required Supplementary Information.

CITY OF DUBUQUE, IOWA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, was amended two times during the year to allow the City to increase function expenditures by \$84,269,269 primarily for the carry-forward of unfinished capital improvement projects. During the year ended June 30, 2018, expenses for community and economic development 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 Accrual Basis Total
				Modified Accrual Basis	Accrual Basis	
Receipts/Revenue	\$ 157,344,556	\$ (14,053,619)	\$ 143,290,937	\$ 107,480,994	\$ 35,809,943	\$ 143,290,937
Expenditures/Expenses	169,458,180	(22,939,781)	146,518,399	109,671,988	36,846,411	146,518,399
Deficiency of Receipts/Revenue Under Expenditures/Expenses	(12,113,624)	8,886,162	(3,227,462)	(2,190,994)	(1,036,468)	(3,227,462)
Other Financing Sources	14,915,128	(1,846,009)	13,069,119	2,066,549	11,002,570	13,069,119
Net	2,801,504	7,040,153	9,841,657	(124,445)	9,966,102	9,841,657
Balance, Beginning (as restated)	72,540,864	154,849,913	227,390,777	55,400,948	171,989,829	227,390,777
Balance, Ending	<u>\$ 75,342,368</u>	<u>\$ 161,890,066</u>	<u>\$ 237,232,434</u>	<u>\$ 55,276,503</u>	<u>\$ 181,955,931</u>	<u>\$ 237,232,434</u>

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

	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.33490%	0.34275%	0.35135%	0.37035%
City's proportionate share of the net pension liability	\$ 22,309	\$ 21,570	\$ 17,358	\$ 14,688
City's covered payroll	\$ 24,961	\$ 24,597	\$ 24,039	\$ 24,210
City's proportionate share of the net pension liability as a percentage of its covered payroll	89.38%	87.69%	72.21%	60.67%
Plan fiduciary net position as a percentage of the total pension liability	82.21%	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

	<u>2018</u>	<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>
Statutorily required contribution	\$ 2,235	\$ 2,229	\$ 2,196	\$ 2,151	\$ 2,164	\$ 2,022	\$ 2,022	\$ 1,573	\$ 1,415	\$ 1,275
Contributions in relation to the statutorily required contribution	(2,235)	(2,229)	(2,196)	(2,151)	(2,164)	(2,022)	(2,022)	(1,573)	(1,415)	(1,275)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 25,024	\$ 24,961	\$ 24,597	\$ 24,039	\$ 24,210	\$ 23,321	\$ 23,676	\$ 22,627	\$ 21,275	\$ 20,071
Contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.95%	8.94%	8.67%	8.54%	6.95%	6.65%	6.35%

CITY OF DUBUQUE, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -- PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEMS
YEAR ENDED JUNE 30, 2018

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 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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 member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) 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.
- Lowered employment termination rates.
- 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 FOUR FISCAL YEARS*
(IN THOUSANDS)

Required Supplementary Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	4.7840%	4.9533%	4.9854%	5.0788%
City's proportionate share of the net pension liability	\$ 28,062	\$ 30,971	\$ 23,423	\$ 18,410
City's covered payroll	\$ 13,552	\$ 13,423	\$ 13,052	\$ 12,968
City's proportionate share of the net pension liability as a percentage of its covered payroll	207.07%	230.73%	179.46%	141.96%
Plan fiduciary net position as a percentage of the total pension liability	80.60%	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 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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 3,626	\$ 3,513	\$ 3,727	\$ 3,969	\$ 3,906	\$ 3,310	\$ 3,177	\$ 2,404	\$ 1,966	\$ 2,078
Contributions in relation to the statutorily required contribution	<u>(3,626)</u>	<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>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 14,118	\$ 13,552	\$ 13,423	\$ 13,052	\$ 12,968	\$ 12,672	\$ 12,831	\$ 12,080	\$ 11,565	\$ 11,083
Contributions as a percentage of covered payroll	25.68%	25.92%	27.77%	30.41%	30.12%	26.12%	24.76%	19.90%	17.00%	18.75%

CITY OF DUBUQUE, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -- PENSION LIABILITY

MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA

YEAR ENDED JUNE 30, 2018

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy 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 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

CITY OF DUBUQUE, IOWA
SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
YEAR ENDED JUNE 30, 2018

	2018
Service Cost	\$ 283,192
Interest Cost	175,537
Changes in assumptions	141,037
Other Changes	59,736
Benefit payments	(484,004)
Net change in total OPEB Liability	<u>175,498</u>
Total OPEB liability beginning of year	<u>5,957,029</u>
Total OPEB liability end of year	<u>\$ 6,132,527</u>
Covered-employee payroll	39,782,199
Total OPEB liability as a percentage of covered-employee payroll	15.42%

Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes in benefit terms:

There were no significant changes in benefit terms.

Change in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate, health care trend rates and other changes.

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a 10-year trend is completed, the City will present information for those years for which information is available.

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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.

Veteran's Memorial - This fund is used to account for contributions given to the Veteran's Memorial for specific purposes and for maintainance.

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, 2018

	Special Revenue Funds			
	Road Use Tax	Section VIII Housing	Employee Benefits	Special Assessments
ASSETS				
Cash and pooled cash investments	\$ 5,370,162	\$ 370,683	\$ -	\$ 144
Receivables				
Property tax				
Delinquent	-	-	32,624	-
Succeeding year	-	-	4,049,064	-
Accounts and other	6,483	56,455	-	-
Special assessments	-	-	-	712,211
Accrued interest	-	1,403	-	-
Notes	-	-	-	-
Intergovernmental	549,672	-	-	-
Inventories	293,852	-	-	-
Prepaid items	17,031	-	-	-
Restricted cash and pooled cash investments	-	258,338	-	-
Total Assets	\$ 6,237,200	\$ 686,879	\$ 4,081,688	\$ 712,355
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 295,417	\$ 133,900	\$ -	\$ -
Accrued payroll	64,853	21,627	-	-
Intergovernmental payable	-	2,499	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	5,248	-	-
Total Liabilities	\$ 360,270	\$ 163,274	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Succeeding year property tax	-	-	4,049,064	-
Special assessments	-	-	-	684,205
Grants	-	-	-	-
Other	-	-	7,939	-
Total Deferred Inflows of Resources	-	-	\$ 4,057,003	\$ 684,205
FUND BALANCES				
Nonspendable:				
Endowment corpus	-	-	-	-
Inventory	293,852	-	-	-
Prepaid items	17,031	-	-	-
Restricted:				
Endowments	-	-	-	-
Library	-	-	-	-
Police	-	-	-	-
Veterans	-	-	-	-
Capital improvements	5,566,047	-	-	-
Franchise agreement	-	-	-	-
Special assessments	-	-	-	28,150
Iowa Finance Authority Trust	-	-	-	-
Community programs	-	523,605	-	-
Employee benefits	-	-	24,685	-
Committed, capital improvements	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	\$ 5,876,930	\$ 523,605	\$ 24,685	\$ 28,150
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,237,200	\$ 686,879	\$ 4,081,688	\$ 712,355

(Continued)

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

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	
ASSETS					
Cash and pooled cash investments	\$ 2,751,218	\$ -	\$ -	\$ -	\$ 12,815,475
Receivables					
Property tax					
Delinquent	-	-	-	-	32,624
Succeeding year	-	-	-	-	4,049,064
Accounts and other	-	24,855	-	-	228,385
Special assessments	-	-	-	-	712,211
Accrued interest	7,602	(341)	150	42	26,725
Notes	657,518	-	-	-	5,344,079
Intergovernmental	146,434	5,024,989	-	-	7,980,510
Inventories	-	-	-	-	293,852
Prepaid items	-	196	-	-	52,007
Restricted cash and pooled cash investments	657,995	-	145,724	18,747	4,518,552
Total Assets	\$ 4,220,767	\$ 5,049,699	\$ 145,874	\$ 18,789	\$ 36,053,484
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 84,112	\$ 1,296,923	\$ -	\$ -	\$ 2,674,778
Accrued payroll	-	-	-	-	129,540
Intergovernmental payable	-	-	-	-	2,499
Due to other funds	-	153,075	-	-	153,075
Unearned revenue	-	-	-	-	144,299
Total Liabilities	84,112	1,449,998	-	-	3,104,191
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues					
Succeeding year property tax	-	-	-	-	4,049,064
Special assessments	-	-	-	-	684,205
Grants	-	2,992,891	-	-	4,096,790
Other	-	83,111	-	-	91,050
Total Deferred Inflows of Resources	-	3,076,002	-	-	8,921,109
FUND BALANCES					
Nonspendable:					
Endowment corpus	-	-	57,412	12,000	69,412
Inventory	-	-	-	-	293,852
Prepaid items	-	196	-	-	52,007
Restricted:					
Endowments	-	-	88,462	6,789	95,251
Library	-	-	-	-	1,154,830
Police	-	-	-	-	8,608
Veterans	-	-	-	-	138,148
Capital improvements	-	-	-	-	10,065,806
Franchise agreement	-	-	-	-	587,096
Special assessments	-	-	-	-	28,150
Iowa Finance Authority Trust	-	-	-	-	488,375
Community programs	-	-	-	-	8,383,743
Employee benefits	-	-	-	-	24,685
Committed, capital improvements	4,136,655	523,503	-	-	4,660,158
Unassigned	-	-	-	-	(2,021,937)
Total Fund Balances	4,136,655	523,699	145,874	18,789	24,028,184
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,220,767	\$ 5,049,699	\$ 145,874	\$ 18,789	\$ 36,053,484

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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, 2018

	Special Revenue Funds			
	Road Use Tax	Section VIII Housing	Employee Benefits	Special Assessments
REVENUES				
Taxes	\$ -	\$ -	\$ 4,671,433	\$ -
Special assessments	- -	- -	- -	120,248
Intergovernmental	7,160,787	5,481,834	- -	- -
Charges for services	- -	- -	- -	- -
Investment earnings	- -	2,573	- -	42,223
Contributions	- -	3,927	- -	- -
Miscellaneous	44,586	79,858	- -	3,424
Total Revenues	7,205,373	5,568,192	4,671,433	165,895
EXPENDITURES				
Governmental activities				
Current				
Public safety	- -	- -	- -	- -
Public works	5,692,028	- -	- -	267
Health and social services	- -	- -	- -	- -
Culture and recreation	- -	- -	- -	- -
Community and economic development	- -	5,810,498	- -	- -
General government	- -	- -	176	- -
Capital projects	922,202	- -	- -	- -
Total Expenditures	6,614,230	5,810,498	176	267
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	591,143	(242,306)	4,671,257	165,628
OTHER FINANCING SOURCES (USES)				
Issuance of debt	- -	- -	- -	- -
Premium on bonds	- -	- -	- -	- -
Transfers in	- -	229,559	- -	- -
Transfers out	(76,945)	- -	(4,681,676)	(171,365)
Insurance recovery	- -	- -	- -	- -
Sale of capital assets	- -	- -	- -	- -
Total Other Financing Sources (Uses)	(76,945)	229,559	(4,681,676)	(171,365)
NET CHANGE IN FUND BALANCES	514,198	(12,747)	(10,419)	(5,737)
FUND BALANCES, BEGINNING	5,362,732	536,352	35,104	33,887
FUND BALANCES, ENDING	\$ 5,876,930	\$ 523,605	\$ 24,685	\$ 28,150

Special Revenue Funds					Capital Projects Funds		
Cable TV	Library Expendable Gifts Trust	Police Expendable Gifts Trust	Veteran's Memorial	IFA Housing Trust	Community Development	Airport Construction	General Construction
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	2,720	-	-
-	-	-	-	227,046	6,376,831	1,451,821	63,091
-	7,004	-	-	-	4,675	218,517	-
3,422	8,586	71	451	-	56,250	8,530	15,500
-	13,775	(20)	137,697	-	118,278	-	3,319
560,715	87,391	-	-	-	6,471	-	58,623
<u>564,137</u>	<u>116,756</u>	<u>51</u>	<u>138,148</u>	<u>227,046</u>	<u>6,565,225</u>	<u>1,678,868</u>	<u>140,533</u>
-	-	12,413	-	-	-	-	-
-	-	-	-	-	244,356	-	-
226	-	-	-	-	10,000	-	-
-	163,271	-	-	-	125,328	-	-
-	-	-	-	114,529	6,488,306	-	-
543,899	-	-	-	-	9,105	-	-
-	-	-	-	-	2,736,395	1,581,808	1,638,906
<u>544,125</u>	<u>163,271</u>	<u>12,413</u>	<u>-</u>	<u>114,529</u>	<u>9,613,490</u>	<u>1,581,808</u>	<u>1,638,906</u>
<u>20,012</u>	<u>(46,515)</u>	<u>(12,362)</u>	<u>138,148</u>	<u>112,517</u>	<u>(3,048,265)</u>	<u>97,060</u>	<u>(1,498,373)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	38,000	298,506	373,550	1,474,433
-	-	-	-	-	(241,527)	(204,934)	(118,506)
-	-	-	-	-	-	-	-
-	-	-	-	42,191	22,171	-	-
-	-	-	-	80,191	79,150	168,616	1,355,927
<u>20,012</u>	<u>(46,515)</u>	<u>(12,362)</u>	<u>138,148</u>	<u>192,708</u>	<u>(2,969,115)</u>	<u>265,676</u>	<u>(142,446)</u>
<u>586,491</u>	<u>1,201,345</u>	<u>20,970</u>	<u>-</u>	<u>295,667</u>	<u>8,822,689</u>	<u>1,283,531</u>	<u>3,092,998</u>
<u>\$ 606,503</u>	<u>\$ 1,154,830</u>	<u>\$ 8,608</u>	<u>\$ 138,148</u>	<u>\$ 488,375</u>	<u>\$ 5,853,574</u>	<u>\$ 1,549,207</u>	<u>\$ 2,950,552</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, 2018

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	
REVENUES					
Taxes	\$ 1,722,189	\$ 2,583,285	\$ -	\$ -	\$ 8,976,907
Special assessments	-	-	-	-	122,968
Intergovernmental	8,921	5,254,799	-	-	26,025,130
Charges for services	-	19,270	-	-	249,466
Investment earnings	30,483	3,243	-	132	171,464
Contributions	500	-	-	-	277,476
Miscellaneous	-	140,933	-	235	982,236
Total Revenues	1,762,093	8,001,530	-	367	36,805,647
EXPENDITURES					
Governmental activities					
Current					
Public safety	-	-	-	-	12,413
Public works	-	-	-	-	5,936,651
Health and social services	-	-	-	-	10,226
Culture and recreation	-	-	5,547	-	294,146
Community and economic development	-	-	-	-	12,413,333
General government	-	-	-	-	553,180
Capital projects	1,367,076	9,156,461	-	-	17,402,848
Total Expenditures	1,367,076	9,156,461	5,547	-	36,622,797
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	395,017	(1,154,931)	(5,547)	367	182,850
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	110,000	-	-	110,000
Premium on bonds	-	1,616	-	-	1,616
Transfers in	9,530	125,601	-	-	2,549,179
Transfers out	(1,180,936)	(299,197)	-	-	(6,975,086)
Insurance recovery	-	58,000	-	-	58,000
Sale of capital assets	-	3,500	-	-	67,862
Total Other Financing Sources (Uses)	(1,171,406)	(480)	-	-	(4,188,429)
NET CHANGE IN FUND BALANCES	(776,389)	(1,155,411)	(5,547)	367	(4,005,579)
FUND BALANCES, BEGINNING	4,913,044	1,679,110	151,421	18,422	28,033,763
FUND BALANCES, ENDING	\$ 4,136,655	\$ 523,699	\$ 145,874	\$ 18,789	\$ 24,028,184

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, 2018

EXHIBIT B-1

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
ASSETS					
CURRENT ASSETS					
Cash and pooled cash investments	\$ 917,122	\$ 306,650	\$ 1,600	\$ 4	\$ 1,225,376
Receivables					
Accounts	404,502	2,897	-	-	407,399
Accrued interest	2,045	-	4	-	2,049
Intergovernmental	-	1,105,494	-	-	1,105,494
Prepaid items	-	11,378	-	-	11,378
Total Current Assets	1,323,669	1,426,419	1,604	4	2,751,696
NONCURRENT ASSETS					
Capital assets					
Land	-	36,000	-	-	36,000
Buildings	-	13,591,053	175,458	-	13,766,511
Improvements to other than buildings	-	796,092	686,312	-	1,482,404
Machinery and equipment	2,584,032	6,762,371	36,342	-	9,382,745
Accumulated depreciation	(1,847,846)	(5,834,666)	(122,302)	-	(7,804,814)
Net Capital Assets	736,186	15,350,850	775,810	-	16,862,846
Total Noncurrent Assets	736,186	15,350,850	775,810	-	16,862,846
Total Assets	2,059,855	16,777,269	777,414	4	19,614,542
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows	280,085	452,175	-	-	732,260
OPEB related deferred outflows	6,859	4,458	-	-	11,317
Total Deferred Outflows of Resources	286,944	456,633	-	-	743,577
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	7,460	86,869	-	-	94,329
Accrued payroll	49,407	82,791	-	-	132,198
General obligation bonds payable	5,000	9,268	-	-	14,268
Accrued compensated absences	6,091	3,277	-	-	9,368
Accrued interest payable	2,303	235	-	-	2,538
Total Current Liabilities	70,261	182,440	-	-	252,701
NONCURRENT LIABILITIES					
General obligation bonds payable	72,567	87,125	-	-	159,692
Accrued compensated absences	235,311	16,306	-	-	251,617
Net pension liability	985,343	1,590,755	-	-	2,576,098
Total OPEB liability	245,242	98,689	-	-	343,931
Total Noncurrent Liabilities	1,538,463	1,792,875	-	-	3,331,338
Total Liabilities	1,608,724	1,975,315	-	-	3,584,039
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred inflows	54,024	87,218	-	-	141,242
NET POSITION					
Net investment in capital assets	658,619	15,254,457	775,810	-	16,688,886
Unrestricted	25,432	(83,088)	1,604	4	(56,048)
Total Net Position	\$ 684,051	\$ 15,171,369	\$ 777,414	\$ 4	\$ 16,632,838

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT B-2

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
OPERATING REVENUES					
Charges for sales and services	\$ 4,228,694	\$ 402,324	\$ 96,273	\$ -	\$ 4,727,291
Other	3,848	63,226	-	-	67,074
Total Operating Revenues	4,232,542	465,550	96,273	-	4,794,365
OPERATING EXPENSES					
Employee expense	2,711,441	2,606,990	-	-	5,318,431
Utilities	19,746	85,875	-	-	105,621
Repairs and maintenance	387,511	785,650	734	-	1,173,895
Supplies and services	769,117	459,914	91,048	10,143	1,330,222
Insurance	19,972	44,798	-	-	64,770
Depreciation	334,286	739,517	27,639	-	1,101,442
Total Operating Expenses	4,242,073	4,722,744	119,421	10,143	9,094,381
OPERATING INCOME (LOSS)	(9,531)	(4,257,194)	(23,148)	(10,143)	(4,300,016)
NONOPERATING REVENUES					
Intergovernmental	-	1,564,123	-	-	1,564,123
Investment earnings	7,520	-	-	-	7,520
Contributions	-	84,280	-	-	84,280
Interest expense	(2,478)	(235)	-	-	(2,713)
Net Nonoperating Revenues	5,042	1,648,168	-	-	1,653,210
INCOME (LOSS) BEFORE TRANSFERS	(4,489)	(2,609,026)	(23,148)	(10,143)	(2,646,806)
CAPITAL CONTRIBUTIONS					
TRANSFERS IN	-	2,253,334	-	-	2,253,334
TRANSFERS OUT	-	1,872,714	-	13,579	1,886,293
	-	(257,993)	-	-	(257,993)
CHANGE IN NET POSITION	(4,489)	1,259,029	(23,148)	3,436	1,234,828
NET POSITION, BEGINNING, AS RESTATED	688,540	13,912,340	800,562	(3,432)	15,398,010
NET POSITION, ENDING	\$ 684,051	\$ 15,171,369	\$ 777,414	\$ 4	\$ 16,632,838

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2018

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 4,215,478	\$ 403,703	\$ 96,269	\$ -	\$ 4,715,450
Cash payments to suppliers for goods and services	(1,194,506)	(2,652,757)	(91,782)	(13,579)	(3,952,624)
Cash payments to employees for services	(2,681,631)	(2,506,481)	-	-	(5,188,112)
Other operating receipts	3,848	63,226	-	-	67,074
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	343,189	(4,692,309)	4,487	(13,579)	(4,358,212)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	1,872,714	-	13,579	1,886,293
Transfers to other funds	-	(257,993)	-	-	(257,993)
Contributions	-	84,280	-	-	84,280
Intergovernmental grant proceeds	-	2,812,422	-	-	2,812,422
Proceeds from interfund balances	-	-	(2,887)	-	(2,887)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	-	4,511,423	(2,887)	13,579	4,522,115
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from issuance of debt	27,446	96,393	-	-	123,839
Acquisition and construction of capital assets	(352,053)	(434,816)	-	-	(786,869)
Principal Paid	(31,154)	-	-	-	(31,154)
Interest paid	(3,002)	-	-	-	(3,002)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(358,763)	(338,423)	-	-	(697,186)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	6,268	-	-	-	6,268
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(9,306)	(519,309)	1,600	-	(527,015)
CASH AND POOLED INVESTMENTS, BEGINNING	926,428	825,959	-	4	1,752,391
CASH AND POOLED INVESTMENTS, ENDING	\$ 917,122	306,650	\$ 1,600	\$ 4	\$ 1,225,376

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2018

EXHIBIT B-3

	Business-type Activities - Enterprise Funds					
	Refuse Collection	Transit	Salt	America's River Project	Total Other Enterprise Funds	
RECONCILIATION OF OPERATING INCOME (LOSS)						
TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ (9,531)	\$ (4,257,194)	\$ (23,148)	\$ (10,143)	\$ (4,300,016)	
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities						
Depreciation	334,286	739,517	27,639	-	1,101,442	
Change in assets and liabilities						
(Increase)Decrease in receivables	(13,216)	1,379	(4)	-	(11,841)	
(Increase) in inventories and prepaid items	-	(1,476)	-	-	(1,476)	
Increase (Decrease) in accounts payable	1,840	(1,275,044)	-	(3,436)	(1,276,640)	
Increase (Decrease) in accrued liabilities	(2,127)	11,216	-	-	9,089	
Increase (Decrease) in net pension liability	38,266	110,682	-	-	148,948	
(Increase) Decrease in deferred outflows	(29,404)	(54,153)	-	-	(83,557)	
Increase (Decrease) in deferred inflows	16,407	28,430	-	-	44,837	
Increase in total OPEB liability	6,668	4,334	-	-	11,002	
Total Adjustments	352,720	(435,115)	27,635	(3,436)	(58,196)	
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 343,189	\$ (4,692,309)	\$ 4,487	\$ (13,579)	\$ (4,358,212)	
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Contribution of capital assets from outside sources	\$ -	\$ 1,785,106	\$ -	\$ -	\$ 1,785,106	
Contribution of capital assets from Governmental Activities	\$ -	\$ 4	\$ -	\$ -	\$ 4	

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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, 2018

	General Service	Garage Service	Stores/ Printing
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ -	\$ 333,335	\$ 2,952
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Prepaid items	-	-	2,546
Inventories	-	62,923	2,889
Total Current Assets	-	396,258	8,387
NONCURRENT ASSETS			
Capital assets			
Machinery and equipment	-	355,018	-
Accumulated depreciation	-	(196,513)	-
Net Capital Assets	-	158,505	-
Total Noncurrent Assets	-	158,505	-
Total Assets	-	554,763	8,387
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	314,906	165,460	-
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	58,827	5,178
Accrued payroll	-	28,834	-
Due to other funds	27,798	-	-
Total Current Liabilities	27,798	87,661	5,178
NONCURRENT LIABILITIES			
Net pension liability	1,107,851	582,097	-
Total Noncurrent Liabilities	1,107,851	582,097	-
Total Liabilities	1,135,649	669,758	5,178
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	60,741	31,915	-
NET POSITION			
Net investment in capital assets	-	158,506	-
Unrestricted	(881,484)	(139,956)	3,209
Total Net Position (Deficit)	\$ (881,484)	\$ 18,550	\$ 3,209

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 4,092,150	\$ 1,349,767	\$ 5,778,204
162,736	-	162,736
9,125	3,010	12,135
-	14,238	16,784
-	-	65,812
<u>4,264,011</u>	<u>1,367,015</u>	<u>6,035,671</u>
 -	 -	 355,018
<u>-</u>	<u>-</u>	<u>(196,513)</u>
<u>-</u>	<u>-</u>	<u>158,505</u>
<u>-</u>	<u>-</u>	<u>158,505</u>
<u>4,264,011</u>	<u>1,367,015</u>	<u>6,194,176</u>
 -	 -	 480,366
 499,834	 996,687	 1,560,526
<u>-</u>	<u>-</u>	<u>28,834</u>
<u>-</u>	<u>-</u>	<u>27,798</u>
<u>499,834</u>	<u>996,687</u>	<u>1,617,158</u>
 -	 -	 1,689,948
<u>-</u>	<u>-</u>	<u>1,689,948</u>
<u>499,834</u>	<u>996,687</u>	<u>3,307,106</u>
 -	 -	 92,656
 3,764,177	 370,328	 158,506
<u>3,764,177</u>	<u>370,328</u>	<u>3,116,274</u>
<u>\$ 3,764,177</u>	<u>\$ 370,328</u>	<u>\$ 3,274,780</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, 2018

	General Service	Garage Service	Stores/ Printing
OPERATING REVENUES			
Charges for sales and services	\$ 1,683,777	\$ 2,177,686	\$ 526,808
Other	-	32,738	-
Total Operating Revenues	<u>1,683,777</u>	<u>2,210,424</u>	<u>526,808</u>
OPERATING EXPENSES			
Employee expense	1,573,167	1,014,831	-
Utilities	-	26,672	6,561
Repairs and maintenance	-	93,718	-
Supplies and services	2,512	992,581	520,660
Insurance	-	19,287	-
Depreciation	-	37,322	-
Total Operating Expenses	<u>1,575,679</u>	<u>2,184,411</u>	<u>527,221</u>
OPERATING INCOME (LOSS)	108,098	26,013	(413)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	1,294	-
Investment earnings	-	-	-
Gain on disposal of assets	-	3,186	-
INCOME (LOSS) BEFORE TRANSFERS	108,098	30,493	(413)
TRANSFERS OUT	-	(12,973)	-
CHANGE IN NET POSITION	108,098	17,520	(413)
NET POSITION (DEFICIT), BEGINNING	(989,582)	1,030	3,622
NET POSITION (DEFICIT), ENDING	<u>\$ (881,484)</u>	<u>\$ 18,550</u>	<u>\$ 3,209</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 11,704,414	\$ 1,067,309	\$ 17,159,994
34,251	6,843	73,832
<u>11,738,665</u>	<u>1,074,152</u>	<u>17,233,826</u>
-	-	2,587,998
-	-	33,233
-	-	93,718
9,540,879	721,516	11,778,148
4	91,453	110,744
<u>-</u>	<u>-</u>	<u>37,322</u>
<u>9,540,883</u>	<u>812,969</u>	<u>14,641,163</u>
2,197,782	261,183	2,592,663
-	-	1,294
15,544	10,037	25,581
<u>-</u>	<u>-</u>	<u>3,186</u>
<u>2,213,326</u>	<u>271,220</u>	<u>2,622,724</u>
-	-	(12,973)
2,213,326	271,220	2,609,751
1,550,851	99,108	665,029
<u>\$ 3,764,177</u>	<u>\$ 370,328</u>	<u>\$ 3,274,780</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,683,777	\$ 2,177,686	\$ 526,808
Cash payments to suppliers for goods and services	(2,512)	(1,103,973)	(510,131)
Cash payments to employees for services	(1,683,776)	(1,005,056)	-
Other operating receipts	-	32,738	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(2,511)	101,395	16,677
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(12,973)	-
Proceeds from interfund balances	2,511	-	(13,725)
Payment of interfund balances	-	-	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	2,511	(12,973)	(13,725)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(30,770)	-
Intergovernmental grant proceeds	-	1,294	-
Proceeds from sale of capital assets	-	3,186	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	-	(26,290)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	-	62,132	2,952
CASH AND POOLED INVESTMENTS, BEGINNING	-	271,203	-
CASH AND POOLED INVESTMENTS, ENDING	\$ -	\$ 333,335	\$ 2,952
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 108,098	\$ 26,013	\$ (413)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	-	37,322	-
Change in assets and liabilities			
(Increase) Decrease in receivables	-	-	-
(Increase) Decrease in inventories and prepaid items	-	(3,066)	11,912
Increase (Decrease) in accounts payable	-	31,351	5,178
Increase (Decrease) in net pension liability	(148,087)	12,313	-
(Increase) Decrease in deferred outflows	26,622	(10,519)	-
Increase (Decrease) in deferred inflows	10,856	9,284	-
Increase (Decrease) in accrued liabilities	-	(1,303)	-
Total Adjustments	(110,609)	75,382	17,090
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (2,511)	\$ 101,395	\$ 16,677

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 11,602,277	\$ 1,067,309	\$ 17,057,857
(9,745,993)	(851,249)	(12,213,858)
-	-	(2,688,832)
34,251	6,843	73,832
<u>1,890,535</u>	<u>222,903</u>	<u>2,228,999</u>

-	-	(12,973)
-	-	(11,214)
-	-	-
<u>-</u>	<u>-</u>	<u>(24,187)</u>
-	-	(30,770)
-	-	1,294
-	-	3,186
<u>-</u>	<u>-</u>	<u>(26,290)</u>
<u>8,296</u>	<u>7,984</u>	<u>16,280</u>
1,898,831	230,887	2,194,802
<u>2,193,319</u>	<u>1,118,880</u>	<u>3,583,402</u>
<u>\$ 4,092,150</u>	<u>\$ 1,349,767</u>	<u>\$ 5,778,204</u>

\$ 2,197,782 \$ 261,183 \$ 2,592,663

-	-	37,322
(102,137)	-	(102,137)
-	83,270	92,116
(205,110)	(121,550)	(290,131)
-	-	(135,774)
-	-	16,103
-	-	20,140
-	-	(1,303)
<u>(307,247)</u>	<u>(38,280)</u>	<u>(363,664)</u>

\$ 1,890,535 \$ 222,903 \$ 2,228,999

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.

Flexsteel Decommission Fund – This fund is used to account for the resources held for the decommissioning of the prior Flexsteel site.

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT D-1

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
CABLE EQUIPMENT FUND				
ASSETS				
Cash and pooled cash investments	\$ 612,647	\$ 197,609	\$ 160,244	\$ 650,012
Prepays	16,997	21,246	16,997	21,246
Accounts receivable	50,378	49,207	50,378	49,207
Total Assets	<u>\$ 680,022</u>	<u>\$ 268,062</u>	<u>\$ 227,619</u>	<u>\$ 720,465</u>
LIABILITIES				
Accounts payable	\$ 24,722	\$ -	\$ 24,722	\$ -
Due to other agency	655,300	268,062	202,897	720,465
Total Liabilities	<u>\$ 680,022</u>	<u>\$ 268,062</u>	<u>\$ 227,619</u>	<u>\$ 720,465</u>
DOG TRACK DEPRECIATION FUND				
ASSETS				
Cash and pooled cash investments	\$ 827,493	\$ 124,858	\$ 6,882	\$ 945,469
Accrued interest	708	2,108	708	2,108
Total Assets	<u>\$ 828,201</u>	<u>\$ 126,966</u>	<u>\$ 7,590</u>	<u>\$ 947,577</u>
LIABILITIES				
Due to other agency	<u>\$ 828,201</u>	<u>\$ 126,966</u>	<u>\$ 7,590</u>	<u>\$ 947,577</u>
FLEXSTEEL DECOMMISSION FUND				
Cash and pooled cash investments	\$ -	\$ 665,839	\$ -	\$ 665,839
Notes receivable	-	2,000,000	-	2,000,000
Total Assets	<u>\$ -</u>	<u>\$ 2,665,839</u>	<u>\$ -</u>	<u>\$ 2,665,839</u>
LIABILITIES				
Due to other agency	<u>\$ -</u>	<u>\$ 2,665,839</u>	<u>\$ -</u>	<u>\$ 2,665,839</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 2,665,839</u>	<u>\$ -</u>	<u>\$ 2,665,839</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and pooled cash investments	\$ 1,440,140	\$ 988,306	\$ 167,126	\$ 2,261,320
Prepays	16,997	21,246	16,997	21,246
Accounts receivable	50,378	49,207	50,378	49,207
Notes receivable	-	2,000,000	-	2,000,000
Accrued interest	708	2,108	708	2,108
Total Assets	<u>\$ 1,508,223</u>	<u>\$ 3,060,867</u>	<u>\$ 235,209</u>	<u>\$ 4,333,881</u>
LIABILITIES				
Accounts payable	\$ 24,722	\$ -	\$ 24,722	\$ -
Due to other agency	1,483,501	3,060,867	210,487	4,333,881
Total Liabilities	<u>\$ 1,508,223</u>	<u>\$ 3,060,867</u>	<u>\$ 235,209</u>	<u>\$ 4,333,881</u>

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Statistical Section (Unaudited)
June 30, 2018
City of Dubuque, Iowa

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CITY OF DUBUQUE, IOWA

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	160
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	164
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	175
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	178

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

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

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

TABLE 1

Year	2014	2015	2016	2017	2018
\$ 354,732,451	\$ 348,173,267	\$ 369,244,904	\$ 375,578,520	\$ 379,040,697	
21,501,638	22,047,405	21,473,309	23,955,112	27,269,997	
(18,151,279)	(49,579,334)	(47,166,839)	(43,921,629)	(41,853,174)	
<u>\$ 358,082,810</u>	<u>\$ 320,641,338</u>	<u>\$ 343,551,374</u>	<u>\$ 355,612,003</u>	<u>\$ 364,457,520</u>	
\$ 138,842,390	\$ 148,487,126	\$ 161,326,743	\$ 164,448,390	\$ 168,205,523	
5,315,519	7,796,668	4,254,907	3,796,752	3,053,616	
(593,202)	(4,568,933)	(7,339,071)	3,876,760	10,696,792	
<u>\$ 143,564,707</u>	<u>\$ 151,714,861</u>	<u>\$ 158,242,579</u>	<u>\$ 172,121,902</u>	<u>\$ 181,955,931</u>	
\$ 493,574,841	\$ 496,660,393	\$ 530,571,647	\$ 540,026,910	\$ 547,246,220	
26,817,157	29,844,073	25,728,216	27,751,864	30,323,613	
(18,744,481)	(54,148,267)	(54,505,910)	(40,044,869)	(31,156,382)	
<u>\$ 501,647,517</u>	<u>\$ 472,356,199</u>	<u>\$ 501,793,953</u>	<u>\$ 527,733,905</u>	<u>\$ 546,413,451</u>	

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

	Fiscal -				
	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
Public safety	\$ 22,038,265	\$ 22,067,988	\$ 23,759,068	\$ 26,326,367	\$ 28,292,481
Public works	19,079,688	22,121,629	18,978,423	22,917,747	21,607,536
Health and social services	849,237	852,099	1,072,347	913,954	716,970
Culture and recreation	12,640,716	11,446,084	10,911,733	12,749,558	13,647,178
Community and economic development	12,693,140	15,422,099	12,890,841	22,030,950	17,388,720
General government	6,423,908	7,963,016	9,052,704	6,133,983	6,248,483
Interest on long-term debt	3,164,126	3,101,897	3,294,951	3,294,912	4,049,640
Total governmental activities expenses	<u>76,889,080</u>	<u>82,974,812</u>	<u>79,960,067</u>	<u>94,367,471</u>	<u>91,951,008</u>
Business-type activities:					
Sewage disposal works	6,326,708	6,631,326	7,899,011	9,718,669	9,375,748
Water utility	6,100,491	6,093,827	6,523,993	7,410,710	6,817,772
Stormwater utility	2,138,198	2,213,144	2,811,321	2,750,767	3,347,304
Parking facilities	2,147,405	4,003,776	4,775,834	3,152,055	3,586,405
America's River Project	61,927	423,158	180,086	22,787	22,770
Refuse collection	2,788,665	2,703,887	2,828,891	3,173,075	3,468,859
Transit system	2,625,145	2,832,066	2,947,958	3,629,750	3,492,095
Salt	-	-	671,647	661,395	346,066
Total business-type activities expenses	<u>22,188,539</u>	<u>24,901,184</u>	<u>28,638,741</u>	<u>30,519,208</u>	<u>30,457,019</u>
Total primary government expenses	<u>\$ 99,077,619</u>	<u>\$ 107,875,996</u>	<u>\$ 108,598,808</u>	<u>\$ 124,886,679</u>	<u>\$ 122,408,027</u>
Program Revenues					
Governmental activities:					
Charges for services					
Public safety	2,020,625	2,348,064	2,579,573	2,915,562	2,495,737
Public works	4,456,364	4,046,583	5,331,667	5,178,439	4,472,479
Culture and recreation	2,279,688	2,192,886	2,108,177	2,321,553	2,488,844
Other activities	1,557,597	2,412,880	2,530,234	2,873,298	3,264,979
Operating grants and contributions	12,599,967	20,830,113	14,204,627	23,013,997	13,995,316
Capital grants and contributions	4,811,729	10,748,522	23,482,866	16,560,811	10,791,945
Total governmental activities program revenues	<u>27,725,970</u>	<u>42,579,048</u>	<u>50,237,144</u>	<u>52,863,660</u>	<u>37,509,300</u>
Business-type activities:					
Charges for services					
Sewage disposal works	5,904,535	5,893,730	6,643,974	7,827,281	8,924,785
Water utility	5,320,642	5,326,202	5,638,277	6,037,073	6,922,582
Stormwater utility	2,291,249	2,282,625	2,993,539	3,180,134	3,192,256
Parking facilities	2,224,185	2,399,843	2,750,610	2,908,989	2,883,865
America's River Project	-	7,000	-	-	-
Refuse collection	2,872,649	2,893,017	3,082,197	3,257,960	3,346,795
Transit system	196,260	273,433	193,236	278,835	307,314
Salt	-	-	773,258	665,942	395,000
Operating grants and contributions	1,095,946	1,652,277	2,773,933	1,579,493	2,264,695
Capital grants and contributions	3,613,321	3,800,582	6,536,527	5,323,486	1,240,583
Total business-type activities program revenues	<u>23,518,787</u>	<u>24,528,709</u>	<u>31,385,551</u>	<u>31,059,193</u>	<u>29,477,875</u>
Total primary government program revenues	<u>\$ 51,244,757</u>	<u>\$ 67,107,757</u>	<u>\$ 81,622,695</u>	<u>\$ 83,922,853</u>	<u>\$ 66,987,175</u>

TABLE 2

Year	2014	2015	2016	2017	2018
\$ 27,578,517	\$ 25,525,937	\$ 26,851,624	\$ 30,020,343	\$ 29,482,962	
21,306,882	19,207,837	24,323,023	19,608,137	20,393,871	
1,055,398	928,968	967,936	815,251	883,217	
13,696,331	13,002,690	12,993,331	13,653,509	14,323,710	
14,591,257	18,064,831	15,464,781	18,096,170	21,109,384	
9,610,084	6,420,173	4,101,423	8,982,668	7,573,081	
3,684,993	3,903,667	2,963,134	3,467,685	3,129,502	
<u>91,523,462</u>	<u>87,054,103</u>	<u>87,665,252</u>	<u>94,643,763</u>	<u>96,895,727</u>	
11,481,103	12,019,866	12,817,669	11,326,661	11,614,347	
8,812,340	7,800,393	6,483,229	6,807,217	7,109,421	
3,431,096	4,131,562	5,021,523	6,234,015	6,159,039	
3,732,492	3,383,419	3,420,296	3,547,856	2,866,510	
33,579	24,000	21,521	22,893	10,143	
3,750,366	3,740,404	3,968,761	4,208,268	4,244,551	
3,847,320	4,245,823	4,274,967	4,237,054	4,722,979	
56,468	244,691	181,617	45,039	119,421	
<u>35,144,764</u>	<u>35,590,158</u>	<u>36,189,583</u>	<u>36,429,003</u>	<u>36,846,411</u>	
<u>\$ 126,668,226</u>	<u>\$ 122,644,261</u>	<u>\$ 123,854,835</u>	<u>\$ 131,072,766</u>	<u>\$ 133,742,138</u>	
2,624,455	2,532,114	2,713,065	2,930,068	2,600,751	
5,829,293	6,092,356	5,765,075	5,681,107	6,654,101	
2,321,265	2,547,843	2,723,270	2,767,636	2,874,493	
3,921,256	3,493,143	3,887,056	3,541,205	5,864,541	
12,784,907	11,992,439	15,301,219	15,028,527	21,569,356	
12,162,649	9,704,043	18,667,619	13,360,280	7,779,713	
<u>39,643,825</u>	<u>36,361,938</u>	<u>49,057,304</u>	<u>43,308,823</u>	<u>47,342,955</u>	
10,025,673	10,582,662	12,158,439	12,442,584	12,659,662	
7,248,790	7,463,430	8,406,928	8,553,225	8,906,136	
3,224,504	3,490,040	3,754,148	4,076,396	4,367,963	
2,920,148	3,036,214	3,247,383	3,286,947	3,034,744	
-	-	1,605	4	-	
3,700,922	3,783,493	3,857,340	4,185,051	4,232,542	
275,907	397,545	463,688	459,258	465,550	
45,600	232,271	81,720	86,887	96,273	
1,717,208	1,866,535	1,648,077	1,700,171	1,648,403	
2,920,942	10,020,715	7,607,721	14,160,820	5,705,262	
<u>32,079,694</u>	<u>40,872,905</u>	<u>41,227,049</u>	<u>48,951,343</u>	<u>41,116,535</u>	
<u>\$ 71,723,519</u>	<u>\$ 77,234,843</u>	<u>\$ 90,284,353</u>	<u>\$ 92,260,166</u>	<u>\$ 88,459,490</u>	

(Continued)

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

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

TABLE 2
(continued)

Year	2014	2015	2016	2017	2018
	\$ (51,879,637)	\$ (50,692,165)	\$ (38,607,948)	\$ (51,334,940)	\$ (49,552,772)
	<u>(3,065,070)</u>	<u>5,282,747</u>	<u>5,037,466</u>	<u>12,522,340</u>	<u>4,270,124</u>
	<u>\$ (54,944,707)</u>	<u>\$ (45,409,418)</u>	<u>\$ (33,570,482)</u>	<u>\$ (38,812,600)</u>	<u>\$ (45,282,648)</u>
	\$ 33,264,283	\$ 36,277,719	\$ 36,518,506	\$ 39,678,473	\$ 39,632,246
	8,211,366	8,760,246	9,155,411	8,890,046	8,610,948
	2,006,514	2,623,551	2,128,042	2,821,745	2,286,469
	2,609,421	2,828,688	4,360,107	4,558,847	4,832,958
	7,878,008	7,397,709	8,440,161	8,098,324	8,062,251
	777,958	668,134	1,082,165	335,577	688,769
	483,782	19,495	813,492	83,720	309,857
	<u>(2,444,846)</u>	<u>(7,288,593)</u>	<u>(979,900)</u>	<u>(1,071,163)</u>	<u>(5,423,015)</u>
	<u>52,786,486</u>	<u>51,286,949</u>	<u>61,517,984</u>	<u>63,395,569</u>	<u>59,000,483</u>
	135,461	185,356	407,528	231,746	268,283
	180,229	6,571	102,824	54,074	4,680
	<u>2,444,846</u>	<u>7,288,593</u>	<u>979,900</u>	<u>1,071,163</u>	<u>5,423,015</u>
	<u>2,760,536</u>	<u>7,480,520</u>	<u>1,490,252</u>	<u>1,356,983</u>	<u>5,695,978</u>
	<u>\$ 55,547,022</u>	<u>\$ 58,767,469</u>	<u>\$ 63,008,236</u>	<u>\$ 64,752,552</u>	<u>\$ 64,696,461</u>
	\$ 906,849	\$ 594,784	\$ 22,910,036	\$ 12,060,629	\$ 9,447,711
	<u>(304,534)</u>	<u>12,763,267</u>	<u>6,527,718</u>	<u>13,879,323</u>	<u>9,966,102</u>
	<u>\$ 602,315</u>	<u>\$ 13,358,051</u>	<u>\$ 29,437,754</u>	<u>\$ 25,939,952</u>	<u>\$ 19,413,813</u>

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

					Fiscal -
	2009	2010	2011*	2012	2013
General Fund					
Reserved	\$ 4,864,701	\$ 5,199,760	\$ -	\$ -	\$ -
Unreserved	14,206,181	8,622,705	-	-	-
Nonspendable	-	-	868,631	5,613,359	6,646,278
Restricted					
Assigned	-	-	8,904,490	5,549,803	3,434,440
Unassigned	-	-	6,139,306	9,371,016	8,806,171
Total general fund	<u>\$ 19,070,882</u>	<u>\$ 13,822,465</u>	<u>\$ 15,912,427</u>	<u>\$ 20,534,178</u>	<u>\$ 18,886,889</u>
All Other Governmental Funds					
Reserved	\$ 19,634,305	\$ 24,404,656	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	5,981,390	4,011,022	-	-	-
Debt service fund	-	-	-	-	-
Capital projects funds	5,659,214	(989,025)	-	-	-
Permanent funds	35,550	33,273	-	-	-
Nonspendable	-	-	10,320,305	10,975,468	9,092,520
Restricted	-	-	18,010,570	31,362,126	30,738,046
Committed	-	-	5,203,472	5,843,671	10,827,172
Unassigned	-	-	(377,363)	(429,344)	-
Total all other governmental funds	<u>\$ 31,310,459</u>	<u>\$ 27,459,926</u>	<u>\$ 33,156,984</u>	<u>\$ 47,751,921</u>	<u>\$ 50,657,738</u>

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

TABLE 3

Year	2014	2015	2016	2017	2018
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
6,549,063	6,082,043	6,049,052	5,585,672 2,208	5,414,922	-
1,904,805	647,772	1,015,935	1,590,065	1,267,250	-
7,356,066	8,693,524	10,908,497	12,582,596	15,193,241	-
<u>\$ 15,809,934</u>	<u>\$ 15,423,339</u>	<u>\$ 17,973,484</u>	<u>\$ 19,760,541</u>	<u>\$ 21,875,413</u>	
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,640,780	1,183,423	553,292	944,856	415,271	-
23,620,615	30,496,183	27,450,187	28,103,397	30,347,598	-
10,548,592	12,298,896	7,635,502	6,592,154	4,660,158	-
-	-	-	-	(2,021,937)	-
<u>\$ 42,809,987</u>	<u>\$ 43,978,502</u>	<u>\$ 35,638,981</u>	<u>\$ 35,640,407</u>	<u>\$ 33,401,090</u>	

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

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

TABLE 4

Year	2014	2015	2016	2017	2018
\$	46,034,361	\$ 50,490,204	\$ 51,580,084	\$ 55,949,111	\$ 55,362,621
154,692	85,501	111,193	261,233	122,968	
1,136,941	1,198,420	1,480,643	1,505,564	1,642,498	
23,050,052	20,828,524	29,302,824	26,314,297	27,229,554	
10,264,257	10,711,243	10,919,854	10,816,025	11,559,017	
455,219	362,661	421,925	484,687	407,322	
756,809	668,134	1,082,165	335,577	688,769	
678,561	789,268	1,440,405	689,237	816,922	
7,878,008	7,397,709	8,440,161	8,098,324	8,062,251	
1,705,275	1,466,542	1,367,875	1,811,681	1,589,072	
<u>92,114,175</u>	<u>93,998,206</u>	<u>106,147,129</u>	<u>106,265,736</u>	<u>107,480,994</u>	
27,644,190	27,570,773	28,036,551	29,155,128	28,581,466	
13,942,772	11,200,427	14,597,823	11,728,716	11,687,309	
1,049,194	939,172	1,015,987	868,280	854,045	
12,351,497	12,300,454	11,909,029	12,397,294	12,776,591	
14,420,980	16,418,909	13,473,413	16,474,553	20,350,200	
5,898,293	5,977,605	6,436,114	7,287,586	6,755,479	
4,595,808	4,910,735	10,302,412	17,615,698	7,989,850	
3,650,694	3,577,829	3,707,268	3,579,807	3,274,200	
<u>18,779,651</u>	<u>14,829,037</u>	<u>31,504,581</u>	<u>16,260,851</u>	<u>17,402,848</u>	
<u>102,333,079</u>	<u>97,724,941</u>	<u>120,983,178</u>	<u>115,367,913</u>	<u>109,671,988</u>	
(10,218,904)	(3,726,735)	(14,836,049)	(9,102,177)	(2,190,994)	
-	11,137,321	3,933,882	230,000	110,000	
-	72,852	292,521	319,384	16,915	
-	-	-	-	-	
-	-	-	11,023,700	1,778,325	
-	-	4,650,000	-	-	
15,862,516	18,073,553	17,397,007	18,814,586	18,889,096	
(17,294,762)	(25,241,795)	(18,376,907)	(19,917,219)	(20,980,391)	
59,796	106,288	86,359	41,345	98,058	
666,648	360,436	1,063,814	378,861	2,154,546	
<u>(705,802)</u>	<u>4,508,655</u>	<u>9,046,676</u>	<u>10,890,657</u>	<u>2,066,549</u>	
<u>\$ (10,924,706)</u>	<u>\$ 781,920</u>	<u>\$ (5,789,373)</u>	<u>\$ 1,788,480</u>	<u>\$ (124,445)</u>	
9.51%	9.97%	15.17%	20.94%	20.94%	

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

TABLE 5

Levy	Fiscal	Real Property		Exemptions		Total		Assessed	Total	Direct	Tax Rate	%
		Taxable	Assessed	Real	Property	Taxable	Assessed					
Year	Year	Value	Value			Value	Value					
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		
2016	2018	2,686,813	3,931,498	7,783	2,679,030	3,931,498		68.14		10.89220		

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
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
2016	2018	10.89220	14.95665	0.62780	1.09993	6.34143	33.91801	32.11

Separate components of the Dubuque City Rate is as follows:

Levy Year	Fiscal Year	General	Public Transit	Insurance	Employee Benefits	Debt Service	Total
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
2016	2018	8.10000	0.66319	0.15561	1.89350	0.07990	10.89220

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	2018			2009		
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
			%			
Peninsula Gaming Company LLC	\$ 63,779	1	2.37 %			
Kennedy Mall Inc.	38,926	2	1.45	\$ 26,372	1	1.35 %
Walter Development LLC	28,270	3	1.05	11,288	6	0.58
Progressive Processing LLC (Hormel)	25,370	4	0.94			
GRDT Investments LLC (Queck)	22,379	5	0.83			
MAR Holdings LLC (Medical Assoc.)	21,353	6	0.79	19,157	2	0.98
McGraw Hill Global Education LLC	16,225	7	0.60	11,437	5	0.59
Platinum Holdings LLC	15,749	8	0.59	11,179	7	0.57
Nordstrom, Inc.	14,800	9	0.55	16,884	4	0.87
Flexsteel Industries Inc.	13,332	10	0.50			
Lexington Dubuque LLC				9,844	10	0.51
Otto A LLC				17,500	3	0.90
Asbury Dubuque LLC				9,896	9	0.51
Minglewood Limiited Partnership				9,948	8	0.51
	<u>\$ 260,183</u>		<u>9.67</u> %	<u>\$ 143,505</u>		<u>7.36</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
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
2018	2017	25,924	26,026	100.4	1	26,027	100.4	199	0.77

(1) Excludes tax increment levy.

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

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

Fiscal Year	Governmental Activities				Business - General Obligation Bonds
	General Obligation Bonds	Tax Increment Financing Bonds	Tax Increment Financing Notes	Other Loans Payable	
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
2018	48,833,498	19,867,562	255,881	4,067,700	41,979,910

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				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
Capital Loan Notes	Revenue Bonds	Other Loans Payable				
\$ 3,914,076	\$ 1,434,713	\$ 390,890	\$ 71,813,088	3.2 %	\$ 1,245	
8,289,621	1,115,430	371,978	87,404,922	3.9	1,515	
33,195,408	6,777,793	2,252,109	125,292,437	5.1	2,174	
61,957,749	6,521,188	331,235	185,767,647	7.1	3,223	
75,415,431	6,260,299	309,304	202,218,641	7.8	3,508	
82,924,949	14,151,437	286,263	210,798,058	8.1	3,657	
85,477,970	34,543,432	262,055	253,188,631	10.0	4,393	
104,156,549	34,196,999	236,623	271,003,845	9.9	4,637	
110,513,944	33,840,566	5,209,900	273,287,605	10.1	4,648	
112,765,210	33,474,133	4,181,826	265,425,720	*	4,555	

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
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
2018	90,552	2,686,813	3.38	3,931,498	2.31	1,558

*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, 2018

TABLE 11

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding (1)</u>	<u>Tax Increment Financing Bonds</u>	<u>Tax Increment Financing Notes</u>	<u>Sales Tax Revenue Bonds</u>	<u>Loans Payable</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to Government</u>
Direct, City of Dubuque, Iowa	\$ 48,833,498	\$ 19,867,562	\$ 255,881	\$ -	\$ 4,067,700	100.00 %	\$ 73,024,641
Overlapping:							
Dubuque County	20,335,000	-	-	-	285,388	0.06 %	12,372
Dubuque Community School District	-	-	-	62,538,000	-	99.88 %	62,462,954
Northeast Iowa Community College	-	-	-	-	33,535,717	0.06 %	20,121
Total Overlapping	20,335,000	-	-	62,538,000	33,821,105		62,495,448
Total	\$ 69,168,498	\$ 19,867,562	\$ 255,881	\$ 62,538,000	\$ 37,888,805		\$ 135,520,089

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)

	2009	2010	2011	2012
Debit limit	\$ 163,621	\$ 167,247	\$ 174,333	\$ 177,668
Total net debt applicable to limit	<u>76,182</u>	<u>101,152</u>	<u>92,443</u>	<u>142,316</u>
Legal debit margin	<u>\$ 87,439</u>	<u>\$ 66,095</u>	<u>\$ 81,890</u>	<u>\$ 35,352</u>
Total net debt applicable to the debt limit as a percentage of debt limit	46.56%	60.48%	53.03%	80.10%

TABLE 12

2013	2014	2015	2016	2017	2018
\$ 181,668	\$ 183,621	\$ 193,114	\$ 196,031	\$ 207,174	\$ 209,049
143,303	149,923	173,597	165,838	143,800	134,916
<u>\$ 38,365</u>	<u>\$ 33,698</u>	<u>\$ 19,517</u>	<u>\$ 30,193</u>	<u>\$ 63,374</u>	<u>\$ 74,133</u>
78.88%	81.65%	89.89%	84.60%	69.41%	64.54%

Legal Debt Margin Calculation for Fiscal Year 2018

Estimated actual value	<u>\$ 4,180,974,139</u>
Debt limit - 5% of total actual valuation	\$ 209,048,707
Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund)	(134,915,711)
Legal debt margin	<u>\$ 74,132,996</u>

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

TABLE 13

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Next Fiscal Year's Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
WATER UTILITY							
2009	\$ 5,391	5,196	\$ 195	\$ 70	\$ 52	\$ 122	1.60
2010	5,353	5,153	200	70	182	252	0.79
2011	5,680	5,316	364	255	238	493	0.74
2012	6,087 a	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	489	288 a	779	5.02
2018	8,962	4,989	3,973	505	352 b	857	4.64
STORMWATER UTILITY							
2009	2,402	1,309	1,093	75	58	133	8.22
2010	2,357	1,320	1,037	100	178	278	3.73
2011	3,023	1,679	1,344	231	243	474	2.84
2012	3,211	1,497	1,714	462	268	730	2.35
2013	3,194	2,019	1,715	320	309	629	1.87
2014	3,240	1,833	1,407	331	311	642	2.19
2015	3,551	2,162	1,389	341	356	697	1.99
2016	3,948	2,140	1,808	352	346	698	2.59
2017	4,224	2,601	1,624	836	696 a	1,532	1.06
2018	4,486	2,374	2,112	1,529	869 b	2,398	0.88
SEWAGE DISPOSAL WORKS							
2009	6,084	5,093	991	-	7	7	141.57
2010	5,995	5,331	664	33	382	415	1.60
2011	6,699	6,029	670	34	1,129	1,163	0.58
2012	7,878	7,018	860	1,719	1,443	3,162	0.27
2013	8,951	6,113	2,838	2,326	1,423	3,749	0.76
2014	10,083	6,754	3,329	2,603	1,358	3,961	0.84
2015	10,629	6,950	3,679	2,610	1,435	4,045	0.91
2016	12,237	7,702	4,535	2,652	1,454	4,106	1.10
2017	12,475	6,082	6,393	2,707	1,476 a	4,183	1.53
2018	12,731	6,360	6,371	2,764	1,393 b	4,157	1.53
PARKING BONDS							
2009	2,270	1,412	858	250	12	262	3.27

Parking revenue bonds matured in 2010.

a) Restated to reflect actual SRF principal and interest paid in 2018.

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

(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
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
2018	8,525,072	12,015,480	1,632,426,374

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	2018	2017	2016	2015	2014	2013	2012
First	22,440	@ \$ 0.00488	\$ 0.00474	\$ 0.00447	\$ 0.00406	\$ 0.00387	\$ 0.00355	\$ 0.00309
Next	89,760	@ 0.00399	0.00387	0.00365	0.00332	0.00316	0.00290	0.00252
Next	261,800	@ 0.00372	0.00361	0.00340	0.00309	0.00294	0.00270	0.00235
Next	374,000	@ 0.00329	0.00280	0.00301	0.00274	0.00261	0.00239	0.00208
Excess		@ 0.00288	0.00280	0.00264	0.00240	0.00229	0.00210	0.00183

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

TABLE 15

Fiscal Year	Residential	Commercial	Industrial	Government	Total
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
2018	20,498	2,019	83	115	22,715

TABLE 16

CITY OF DUBUQUE, IOWA
LARGEST WATER AND SEWER CUSTOMERS
FISCAL YEAR 2018

Customer	Water Receipts	Rank	Percentage of Total Water Receipts	Sewer Receipts	Rank	Percentage of Total Sewer Receipts
Rousselot Inc #155296	\$ 389,690	1	4.57 %			
Hormel Foods Corporation*	177,151	2	2.08	\$ 382,917	1	3.19 %
Prairie Farms Dairy Inc	121,670	3	1.43			
Hormel Foods Corporation*	105,165	4	1.23	204,702	2	1.70
Krieg Boys	52,827	5	0.62			
Finley Hospital	51,540	6	0.60	72,185	4	0.60
Peninsula Gaming Co LLC	48,273	7	0.57	55,486	7	0.46
Alpine Park Community	36,688	8	0.43	73,070	3	0.61
Stonehill Nursing Home	35,880	9	0.42	66,008	6	0.55
Mercy Medical Center	34,534	10	0.41			
IADU Table Mound MHP LLC				66,719	5	0.56
Stonehill Nursing Home				66,008	6	0.55
Georgia Pacific				54,858	8	0.46
Yes Companies Exp Fred, LLC				54,189	9	0.45
Grand Harbor Resor & Waterpark				51,997	10	0.43
Total Receipts	<u>8,525,072</u>			<u>\$ 12,015,480</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, 2018

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 *	3,654,915	(762,650)	2,892,265	(323,100)	2,569,165
2019	3,490,326	(762,650)	2,727,676	(323,100)	2,404,576
2020	4,287,442	(762,650)	3,524,792	(323,100)	3,201,692
2021	4,779,835	(762,650)	4,017,185	(323,100)	3,694,085
2022	5,278,481	(762,650)	4,515,831	(323,100)	4,192,731
2023	5,783,460	(2,767,650)	3,015,810	(438,100)	2,577,710
2024	6,294,852	(2,771,000)	3,523,852	(1,393,500)	2,130,352
2025	6,958,272	(2,768,969)	4,189,303	(1,400,500)	2,788,803
2026	6,951,603	(2,771,031)	4,180,572	(1,344,250)	2,836,322
2027	6,952,936	(2,768,719)	4,184,217	(1,363,000)	2,821,217
2028	6,947,493	(2,768,394)	4,179,099	(1,365,000)	2,814,099
2029	6,741,650	(2,767,300)	3,974,350	(1,365,000)	2,609,350
2030	6,270,000	(2,768,800)	3,501,200	-	3,501,200
2031	4,590,479	(686,400)	3,904,079	-	3,904,079
2032	2,275,344	-	2,275,344	-	2,275,344
2033	2,310,000	-	2,310,000	-	2,310,000

* 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

Year	Population	Personal Income	Per Capita Personal Income (1)	Median Age (2)	Public School Enrollment (3)	Unemployment Rate (4)
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	2,717,101,790	46,210	38	10,556	2.9
2018	58,276	*	*	37	10,507	2.2

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	2018			2009			Percentage of Total City Employment (1)
	# of Employees	Rank	Percentage of Total City Employment (1)	# of Employees	Rank	Percentage of Total City Employment (1)	
Dubuque Community Schools	2,600	1	4.76 %	1,465	2	2.82 %	
John Deere (2)	2,000	2	3.66	1,955	1	3.76	
Mercy Medical Center	1,360	3	2.49	952	4	1.83	
Medical Associates	1,050	4	1.92	826	6	1.59	
Unity Point Health-Finley Hospital	1,000	5	1.83	900	5	1.73	
City of Dubuque	820	6	1.50	750	7	1.44	
Andersen Windows	750	7	1.37	657	8	1.26	
Cottingham & Butler	650	8	1.19				
Sedgwick	550	9	1.01				
Dubuque Bank & Trust and Heartland Financial USA,	530	10	0.97				
IBM				1,300	3	2.50	
Prudential Retirement				590	9	1.13	
Dubuque Racing Association				525	10	1.01	
	<u><u>11,310</u></u>		<u><u>20.71 %</u></u>	<u><u>9,920</u></u>		<u><u>19.08 %</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	
		2009	2010	2011	2012
Public Safety					
Emergency Communications		13.00	13.00	13.00	13.00
Fire		90.00	90.00	90.00	90.00
Police		108.67	110.84	113.34	114.25
Building Services		8.00	8.00	9.00	9.00
Public Works					
Public Works		88.00	87.42	87.42	87.42
Engineering		26.00	26.00	27.00	27.00
Health & Social Services					
Health Services		4.00	4.00	4.00	4.00
Human Rights		3.00	3.00	3.00	4.00
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	22.51	22.50	23.50
Recreation		7.93	8.43	8.93	9.93
Community & Economic Development					
Community / Economic Dev		3.00	3.00	3.00	3.00
Housing Services		22.00	22.00	22.25	23.00
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		13.50	15.00	15.00	14.00
Finance		14.00	14.00	14.00	14.00
Legal		4.00	4.66	5.00	5.00
Information Services		7.00	7.00	7.00	7.00
Business Type					
Water		23.00	24.00	25.00	25.00
Water & Resource Recovery Center		18.00	18.00	18.00	18.00
Parking		7.50	9.00	9.00	9.00
Transit		7.00	6.00	7.00	6.00
Total		<u><u>532.67</u></u>	<u><u>539.01</u></u>	<u><u>546.59</u></u>	<u><u>549.25</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					
2013	2014	2015	2016	2017	2018
13.00	13.00	13.00	13.00	14.00	14.00
90.00	90.00	90.00	90.00	90.00	90.00
115.00	115.08	115.88	116.00	116.00	116.00
9.00	9.24	11.66	12.00	12.00	12.00
86.17	86.42	86.42	86.42	86.42	86.42
29.00	29.00	29.00	30.00	30.00	26.06
4.00	4.00	4.00	4.00	4.00	4.00
5.00	5.00	5.00	5.00	5.00	5.00
0.15	0.15	0.15	0.15	0.15	0.15
19.00	19.00	19.00	19.00	19.00	19.00
23.50	23.50	23.50	23.50	22.50	22.50
9.93	9.93	10.93	11.93	11.93	11.93
3.00	4.00	4.00	2.00	2.00	3.00
25.80	27.00	26.00	21.00	25.00	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
15.00	15.00	16.00	16.00	16.00	17.00
14.00	14.08	14.88	15.00	15.00	15.00
5.00	5.00	5.00	5.00	5.00	4.00
7.50	8.00	8.00	8.00	8.00	8.00
25.00	26.00	26.00	25.00	25.00	25.00
18.00	18.00	18.00	17.00	17.00	17.00
9.00	9.00	9.00	9.00	8.00	7.00
6.00	6.32	8.00	13.00	13.00	14.00
557.05	561.72	568.42	567.00	570.00	567.06

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

	Fiscal -			
	2009	2010	2011	2012
Public Safety				
Police				
Physical arrests	6,325	6,365	6,350	6,319
Traffic violations	8,801	8,901	12,289	11,836
Parking violations	36,457	37,056	35,799	34,910
Fire				
Number of calls answered	4,480	4,557	4,884	5,307
Inspections conducted	443	1,035	555	589
Sewer				
Sewage system				
Daily average treatment in gallons	7,981,000	9,068,000	8,132,000	7,817,000
Maximum daily capacity of treatment plant in gallons	21,131,000	21,131,000	23,240,000	23,240,000
Water systems				
Daily average consumption in gallons	7,845,000	7,684,000	7,636,000	7,226,000
Maximum daily capacity of plant in gallons	18,000,000	18,000,000	18,000,000	18,000,000
Refuse (Municipal Collection)				
Tonnage	10,774	10,615	10,660	11,180

Sources: Various City Departments.

Statistics updated for fiscal year 2017

TABLE 21

Year	2013	2014	2015	2016	2017	2018
	6,106	5,532	3,767	3,397	3,238	3,519
	12,089	8,959	7,354	9,058	9,063	9,415
	35,516	36,768	37,635	38,880	33,953	32,857
	4,792	5,165	5,603	5,750	5,990	5,949
	512	471	791	993	1,649	1,675
	10,987,000	7,091,000	7,237,000	7,016,000	7,377,000	7,900,000
	23,240,000	24,500,000	24,500,000	24,500,000	24,500,000	24,500,000
	6,953,000	7,235,000	6,956,000	7,068,184	7,200,000	6,917,000
	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
	10,535	10,311	10,690	11,098	11,284	11,481

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

	2009	2010	2011	Fiscal - 2012
Public safety				
Police				
Stations	1	1	1	1
Patrol units	19	22	22	22
Fire				
Stations	6	6	6	6
Aerial trucks	3	3	3	3
Public works				
Streets				
Miles (1)	320	321	325	328
Street lights (1)	1,877	1,916	1,931	2,081
Health and social services				
Hospital	2	2	2	2
Number of patient beds	405	389	389	389
Cultural and recreation				
Library	1	1	1	1
Golf	1	1	1	1
Parks	47	48	48	51
Acreage	898	901	901	1,001
Recreation				
Civic center	1	1	1	1
Swimming pools	2	2	2	2
Softball fields	7	7	7	7
Baseball fields	1	1	1	1
Tennis courts	20	20	20	20
Sewer				
Sewage system				
Miles of sanitary sewer (1)	295	300	300	304
Miles of storm sewers (1)	143	144	150	155
Number of treatment plants	1	1	1	1
Number of service connectors	21,347	21,599	21,702	22,393
Water systems				
Miles of water mains	317	318	319	320
Number of service connectors	21,347	21,986	22,092	22,161
Number of city owned fire hydrants	2,831	2,843	2,854	2,863

Sources: Various City Departments.

(1) City GIS System

TABLE 22

Year	2013	2014	2015	2016	2017	2018
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
329 2,084	331 2,110	333 2,161	332 2,162	336 2,184	334 2,312	
2 389	2 389	2 373	2 373	2 373	2 373	
1 1 51 1,001	1 1 51 1,001	1 1 53 974	1 1 53 974	1 1 53 974	1 1 53 974	
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	1 2 11 1 20	
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	321 156 1 23,423	
321 22,536 2,879	315 22,702 2,336	318 22,787 2,346	329 22,970 2,380	337 23,443 2,450	370 23,546 2,973	

CITY OF DUBUQUE, IOWA
RETAIL SALES
LAST TEN CALENDAR YEARS

TABLE 23

Year		Taxable Retail Sales	Number of Businesses
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		1,324,993,666	2,971
2018	*		*

Data Sources:
Iowa Department of Revenue

* Unavailable at report date

Compliance Section
June 30, 2018
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, 2018, 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 11, 2018.

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.

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. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 questions costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2018 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Responses to Findings

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

Purpose of this Report

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

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

Dubuque, Iowa
December 11, 2018



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, 2018. 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 types of 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, 2018.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Dubuque, Iowa
December 11, 2018

City of Dubuque, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<u>U.S. Department of Commerce</u>				
Direct program:				
Economic Development Cluster				
Economic Adjustment Assistance	11.307		\$ 90,990	\$ -
<u>U.S. Department of Housing and Urban Development</u>				
Direct program:				
CDBG - Entitlement Grants Cluster:				
Community Development Block				
Grants/Entitlement Grants - 2015	14.218		523,792	112,032
Community Development Block				
Grants/Entitlement Grants - 2016	14.218		953,544	-
Community Development Block				
Grants/Entitlement Grants - 2016 Lump Sum	14.218		169,312	-
Total CDBG - Entitlement Grants Cluster			<u>1,646,648</u>	<u>112,032</u>
Direct program:				
Continuum of Care Program	14.267		<u>78,691</u>	<u>-</u>
Pass-through program from:				
Iowa Economic Development Authority				
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster				
National Disaster Resilience Competition	14.272	B-13-DS-19-001	<u>5,170,862</u>	<u>-</u>
Direct program:				
Section 8 Project-Based Cluster				
Lower Income Housing Assistance Program -				
Section 8 Moderate Rehabilitation	14.856		<u>77,362</u>	<u>-</u>
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers - IA087V	14.871		5,261,247	-
Section 8 Housing Choice Vouchers - IA087FSH	14.871		132,996	-
Total Housing Voucher Cluster			<u>5,394,243</u>	<u>-</u>
Lead-Based Paint Hazard Control in				
Privately-Owned Housing	14.900		<u>1,075,488</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>13,443,294</u>	<u>112,032</u>
<u>U.S. Department of Justice</u>				
Pass-through program from:				
Iowa Department of Justice:				
Violence Against Women Formula Grants	16.588	VW-18-42B-CJ	<u>3,113</u>	<u>-</u>
Public Safety Partnership and Community				
Policing Grants	16.710	14-CAMP-04	<u>6,775</u>	<u>-</u>
Pass-through program from:				
Dubuque County Sheriff's Office:				
Edward Byrne Memorial Justice				
Assistance Grant Program	16.738	15-JAG-195887	<u>26,664</u>	<u>-</u>
Total U.S. Department of Justice			<u>26,664</u>	<u>-</u>
			<u>36,552</u>	<u>-</u>

City of Dubuque, Iowa
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Transportation				
Direct program:				
Airport Improvement Program - Snow Equipment	20.106		\$ 5,157	\$ -
Airport Improvement Program - Landside Paving	20.106		149,042	
Airport Improvement Program - Terminal Service Road	20.106		722,209	
Airport Improvement Program - Overhead Lighting	20.106		22,032	
Airport Improvement Program - Boarding Bridge	20.106		11,941	
Airport Improvement Program - Pavement Study	20.106		39,136	
			<u>949,517</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	310,555	
Highway Planning and Construction	20.205	STP-U-2100(634)-70-31	1,087,744	
Highway Planning and Construction	20.205	HDP-2100-(664)-71-31	2,193,865	
Highway Planning and Construction	20.205	STP-A-2100(689)-86-31	188,105	
Highway Planning and Construction	20.205	EDP-2100-(684)-7Y-31	42,616	
			<u>3,822,885</u>	
Total Highway Planning and Construction Cluster				
Federal Transit Cluster:				
Direct program:				
Federal Transit - Formula Grants	20.507		977,998	
Federal Transit - Formula Grants	20.507		<u>316,795</u>	
			<u>1,294,793</u>	
Direct program:				
State of Good Repair Grants Program	20.525	IA-2018-002-00	1,451,807	
State of Good Repair Grants Program	20.525	IA-95-X021-00	115,068	
			<u>1,566,875</u>	
Total Federal Transit Cluster			<u>2,861,668</u>	
Pass-through program from:				
Iowa Department of Transportation:				
Formula Grants for Rural Areas	20.509	ICB-CY17	<u>7,500</u>	
Transit Services Program Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	IA-2016-026-210-17	<u>43,970</u>	
Highway Safety Cluster				
Iowa Department of Public Safety:				
State and Community Highway Safety	20.600	PAP 17-402-M0OP	2,162	
State and Community Highway Safety	20.600	PAP 18-402-M0OP	25,861	
			<u>28,023</u>	
Total Highway Safety Cluster			<u>7,713,563</u>	
Total U.S. Department of Transportation				

City of Dubuque, Iowa
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<u>Environmental Protection Agency</u>				
Direct program:				
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814		\$ 35,585	\$ -
Brownsfields Assessment and Cleanup Cooperative Agreements - BF97741401	66.818		10,790	
Brownsfields Assessment and Cleanup Cooperative Agreements - BF97756201	66.818		48,343	-
			<u>59,133</u>	<u>-</u>
Total Environmental Protection Agency			<u>94,718</u>	<u>-</u>
<u>Corporation for National and Community Service</u>				
Pass-through program from:				
Iowa Commission on Volunteers:				
AmeriCorps	94.006	16-AC-14	22,999	-
AmeriCorps	94.006	17-AC-10	156,934	
AmeriCorps	94.006	17-AF-05	14,004	-
Total Corporation for National and Community Service			<u>193,937</u>	<u>-</u>
<u>U.S. Department of Homeland Security/</u>				
Pass-through program from:				
Iowa Department of Homeland Security				
Disaster Grants - Public Assistance	97.036	DR-4334-IA	29,649	-
Total			<u>\$ 21,602,703</u>	<u>\$ 112,032</u>

City of Dubuque, Iowa
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Dubuque, Iowa, (the City) under programs of the federal government for the year ended June 30, 2018. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, fund balance, or cash flows of the City.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

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, 2018

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
National Disaster Resilience Competition	14.272
Highway Planning and Construction Cluster: Highway Planning and Construction	20.205
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, 2018

Part II: Findings related to Financial Statements

There were no findings to report.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2018-IA-A Certified Budget – Disbursements during the year ended June 30, 2018 exceeded the amount budgeted in the community and economic development function. 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.

2018-IA-B Questionable Expenditures – We noted no expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

2018-IA-C Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2018-IA-D Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Riley Fairchild, City employee, spouse is owner of Fairchild Business Coaching	Services	\$ 10,489
Jeff Zasada, City employee, wife is Shelia Zasada	Services	260

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction with Shelia Zasada does not appear to represent conflict of interest since the total transaction was less than \$1,500 during the fiscal year. The transactions with Fairchild Business Coaching may represent a conflict of interest since they were not entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

City of Dubuque, Iowa
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

2018-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.

2018-IA-F **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

2018-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.

2018-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.

2018-IA-I **Annual Urban Renewal Report** – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the following reporting exception was noted:

The City did not include debts related to the English Ridge TIF District.

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

Response - The Finance and Economic Development prepared the State Annual Urban Report for fiscal year ended June 30, 2018. The English Ridge TIF District was a new district that had not yet received any revenues or paid any expenses, and therefore was inadvertently missed. New procedures and crosschecks have been put in place to correctly report outstanding debts related to TIF districts.

2018-IA-J **Tax Increment Financing** – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. While performing our audit procedures, we noted an instance which was certified inaccurately.

Recommendation – The City should implement additional preparation and review procedures relating to the annual TIF Debt Certification to the County.

Response – The City identified and corrected the misreported debt amounts on City TIF Form 3 of the County TIF Certification Form that was filed December 1, 2018. The TIF form is prepared from source documentation including general ledger reports, TIF Development Agreements and TIF amortization schedules. The City will continue to monitor source documents to prevent future errors.

2018-IA-K **Solid Waste Tonnage Fees Retained** – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa by the Dubuque Metropolitan Area Solid Waste Agency, a component unit of the City, were noted.

2018-IA-L **Financial Assurance** – The Dubuque Metropolitan Area Solid Waste Agency, a component unit of the City, has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in 567-113.14(6) of the Iowa Administrative Code.