

DUBUQUE'S EAGLE POINT PARK OVERLOOKING THE MISSISSIPPI RIVER

THE CITY OF
DUBUQUE
Masterpiece on the Mississippi

I
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A

Dubuque
All-America City
2007 • 2012
2013 • 2017

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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Erich Moeller

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Kelli Buchenau

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Marie Ware

**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
TABLE OF CONTENTS

| | <u>Exhibit</u> | <u>Page</u> |
|---|-----------------------|--------------------|
| INTRODUCTORY SECTION | | |
| Table of Contents | | 1-2 |
| Letter of Transmittal | | 3-11 |
| City Organizational Chart | | 13 |
| Officials | | 14 |
| Certificate of Achievement for Excellence in Financial Reporting | | 15 |
| FINANCIAL SECTION | | |
| Independent Auditor's Report | | 19-21 |
| Management's Discussion and Analysis | | 23-32 |
| Basic Financial Statements | | |
| Government-wide Financial Statements | | |
| Statement of Net Position | 1 | 34-35 |
| Statement of Activities | 2 | 36 |
| Fund Financial Statements | | |
| Balance Sheet – Governmental Funds | 3 | 38-39 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 3-1 | 41 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 4 | 42-43 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 4-1 | 45 |
| Statement of Net Position – Proprietary Funds | 5 | 46-49 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds | 6 | 50-51 |
| Statement of Cash Flows – Proprietary Funds | 7 | 52-55 |
| Statement of Fiduciary Assets and Liabilities – Agency Funds | 8 | 56 |
| Notes to Financial Statements | | 57-110 |
| Required Supplementary Information | | |
| Schedule of Receipts, Expenditures, and Changes in Balances – Budget and Actual (Budgetary Basis) – Governmental Funds and Enterprise Funds | | 112 |
| Note to Required Supplementary Information – Budgetary Reporting | | 113 |
| Schedule of the City's Proportionate Share of Net Pension Liability – Iowa Employees' Retirement System | | 114 |
| Schedule of City's Contribution – Iowa Employees' Retirement System | | 115 |
| Notes to Required Supplementary Information – Net Pension Liability IPERS | | 116 |
| Schedule of the City's Proportionate Share of Net Pension Liability – Municipal Fire and Police Retirement System of Iowa | | 117 |
| Schedule of City's Contributions – Municipal Fire and Police Retirement System of Iowa | | 118 |
| Notes to Required Supplementary Information – Net Pension Liability MFPRSI | | 119 |
| Schedule of Changed in Total OPEB Liability, Realated Ratios and Notes | | 120 |
| Supplementary Information | | |
| Combining Fund Statements | | |
| Combining Balance Sheet – Nonmajor Governmental Funds | A-1 | 124-126 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | A-2 | 128-130 |
| Combining Statement of Net Position – Nonmajor Enterprise Funds | B-1 | 132 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds | B-2 | 133 |

CITY OF DUBUQUE, IOWA
TABLE OF CONTENTS

| | | |
|---|-------------------------|------------------------|
| FINANCIAL SECTION (continued) | <u>Exhibit</u> | <u>Page</u> |
| Combining Statement of Cash Flows – Nonmajor Enterprise Funds | B-3 | 134-135 |
| Combining Statement of Net Position – Internal Service Funds | C-1 | 138-139 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit) – Internal Service Funds | C-2 | 140-141 |
| Combining Statement of Cash Flows – Internal Service Funds | C-3 | 142-143 |
| Combining Statement of Changes in Assets and Liabilities – Agency Funds | D-1 | 145 |
| STATISTICAL SECTION (Unaudited) | <u>Table</u> | <u>Page</u> |
| Statistical Section Contents | | 149 |
| Financial Trends | | |
| Net Position by Component | 1 | 150-151 |
| Changes in Net Position | 2 | 152-155 |
| Fund Balances of Governmental Funds | 3 | 156-157 |
| Changes in Fund Balances of Governmental Funds | 4 | 158-159 |
| Revenue Capacity | | |
| Taxable and Assessed Value of Property | 5 | 160 |
| Property Tax Rates – Direct and Overlapping Governments | 6 | 161 |
| Principal Property Taxpayers | 7 | 162 |
| Property Tax Levies and Collections | 8 | 163 |
| Debt Capacity | | |
| Ratios of Outstanding Debt by Type | 9 | 164-165 |
| Ratios of General Bonded Debt Outstanding | 10 | 166 |
| Direct and Overlapping Governmental Activities Debt | 11 | 167 |
| Legal Debt Margin Information | 12 | 168-169 |
| Revenue Debt Coverage | 13 | 170 |
| Water and Sewer Receipt History | 14 | 171 |
| Water Meters by Rate Class | 15 | 172 |
| Largest Water and Sewer Customers | 16 | 173 |
| Sales Tax Increment Actual Receipts and Cumulative Sales Tax Balance Remaining | 17 | 174 |
| Demographic and Economic Information | | |
| Demographic and Economic Statistics | 18 | 175 |
| Principal Employers | 19 | 177 |
| Operating Information | | |
| Full-Time Equivalent City Government Employees by Function/Department | 20 | 178-179 |
| Operating Indicators by Function/Program | 21 | 180-181 |
| Capital Asset Statistics by Function | 22 | 182-183 |
| Retail | 23 | 184 |
| COMPLIANCE SECTION | | |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | | 187-188 |
| Independent Auditor's Report on Compliance with Requirements for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance | | 189-190 |
| Schedule of Expenditures of Federal Awards | | 191-193 |
| Notes to the Schedule of Expenditures of Federal Awards | | 194 |
| Schedule of Findings and Questioned Costs | | 195-197 |



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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.

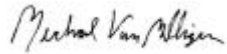
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,

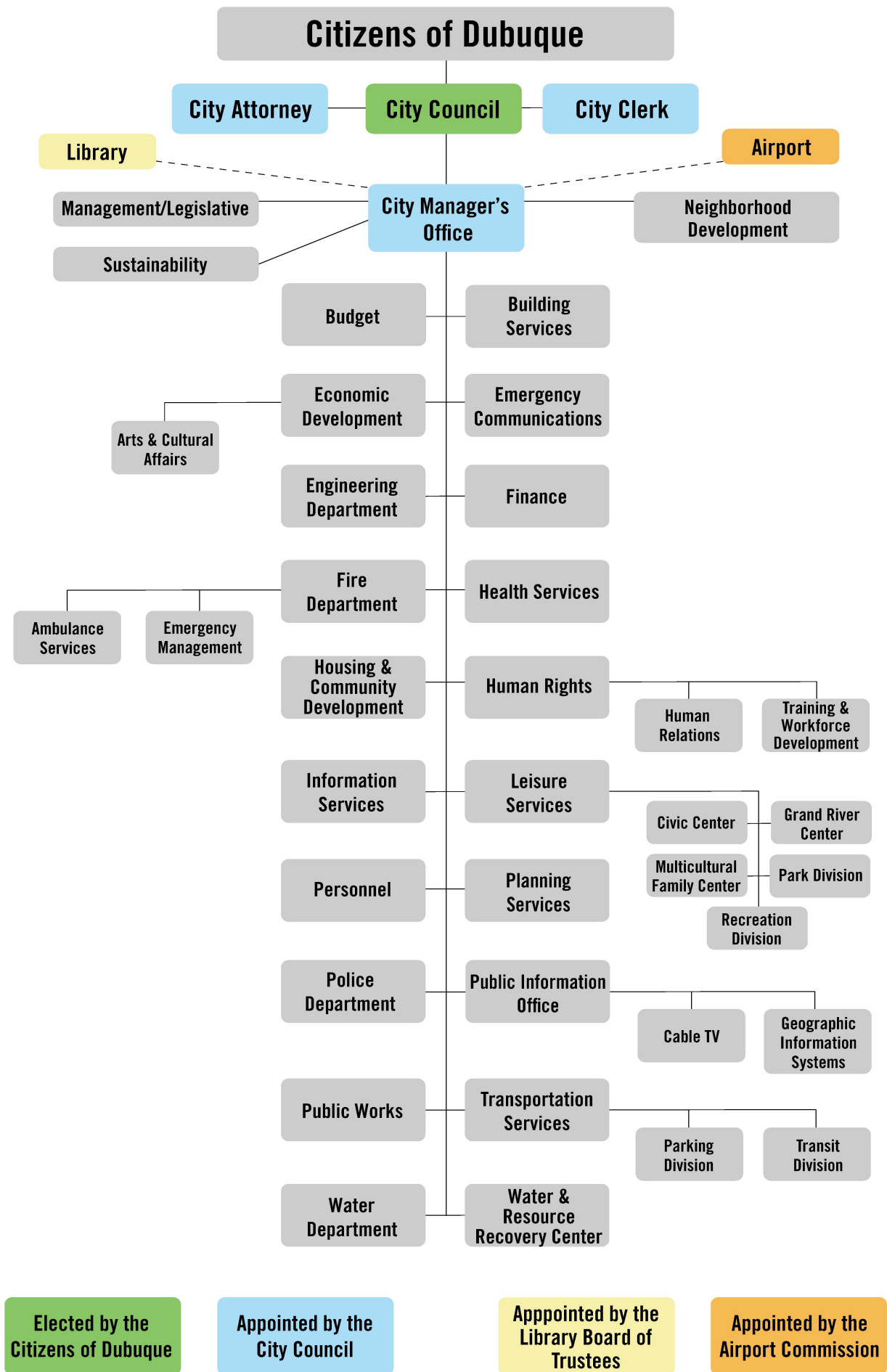


Michael C. Van Milligen
City Manager



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. Goodman | 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. Morrill

Executive Director/CEO

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Financial Section
June 30, 2018
City of Dubuque, Iowa

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa as of and for the year ended June 30, 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 enterprise funds to account for its sewer, water, storm water, and refuse utilities, transit service, parking facilities, salt, and America's River Project. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its engineering services, garage services, stores/printing, health insurance, and workers' compensation. The City's internal service funds predominately benefit the governmental activities and have been included in the governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has 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 | 2018 | 2017 | 2018 | 2017 |
| | | (not restated) | | (not restated) | | (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 | 516,246,290 | 513,134,704 | 382,399,761 | 377,452,272 | 898,646,051 | 890,586,976 |
| 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 | 135,823,932 | 145,198,144 | 201,773,553 | 206,663,284 | 337,597,485 | 351,861,428 |
| 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 | \$ 364,457,520 | \$ 355,612,003 | \$ 181,955,931 | \$ 172,121,902 | \$ 546,413,451 | \$ 527,733,905 |

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 MFPSI. 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 | 2018 | 2017 | 2018 | 2017 |
| | (Not Restated) | | (Not Restated) | | (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 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 Metropolitan Area Solid Waste Agency | Dubuque Initiatives and Subsidiaries | Dubuque Convention and Visitors Bureau |
| 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 | 81,907,936 | 29,997,907 | 111,905,843 | 4,074,538 | 2,307,821 | 52,761 |
| 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 | 434,338,354 | 352,401,854 | 786,740,208 | 22,359,007 | 38,297,775 | 394,383 |
| Total Assets | 516,246,290 | 382,399,761 | 898,646,051 | 26,433,545 | 40,605,596 | 447,144 |
| 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 | 13,056,573 | 1,698,734 | 14,755,307 | 164,832 | - | - |

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 Metropolitan Area Solid Waste Agency | Dubuque Initiatives and Subsidiaries | Dubuque 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 | 13,787,948 | 10,538,592 | 24,326,540 | 777,367 | 1,172,903 | 332,725 |
| 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 | 122,035,984 | 191,234,961 | 313,270,945 | 12,580,270 | 4,720,217 | 7,770 |
| Total Liabilities | 135,823,932 | 201,773,553 | 337,597,485 | 13,357,637 | 5,893,120 | 340,495 |
| 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 | 29,021,411 | 369,011 | 29,390,422 | 31,132 | - | - |
| 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 | (41,853,174) | 10,696,792 | (31,156,382) | 2,251,866 | (1,881,087) | (170,342) |
| Total Net Position | \$ 364,457,520 | \$ 181,955,931 | \$ 546,413,451 | \$ 13,209,608 | \$ 34,712,476 | \$ 106,649 |

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 | | |
|--|------------------|----------------------|------------------------------------|----------------------------------|------------------------|---|--------------------------|-----------------|--|--------------------------------------|---------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Program Revenues | Primary Government | | | Dubuque Metropolitan Area Solid Waste Agency | Dubuque Initiatives and Subsidiaries | Dubuque Visitor and Convention Bureau |
| | | | | | | Governmental Activities | Business-type Activities | Total | | | |
| 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 | <u>\$ 47,194,594</u> | <u>\$ 9,111,788</u> |
| 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 | <u>3,069,155</u> | <u>-</u> |
| 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 | <u>22,250,026</u> | <u>-</u> |
| 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 | <u>21,875,413</u> | <u>9,111,788</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 47,194,594</u> | <u>\$ 9,111,788</u> |

See notes to financial statements.

EXHIBIT 3

| 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> |
| <u>\$ 545,074</u> | <u>\$ 36,053,484</u> | <u>\$ 92,904,940</u> |

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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 | (160,840,505) | |
| | | 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 | 4,216,518 | |
| | | 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 | 12,576,207 | |
| | | 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 | (4,936,609) | |
| | | (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

| | | Special Revenue |
|--|----------------------|-------------------------------|
| | General | Tax Increment Financing |
| 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 | <u>57,685,491</u> | <u>12,743,415</u> |
| 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 | <u>57,584,098</u> | <u>4,188,570</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>101,393</u> | <u>8,554,845</u> |
| 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) | <u>2,013,479</u> | <u>(6,798,977)</u> |
| NET CHANGE IN FUND BALANCES | 2,114,872 | 1,755,868 |
| FUND BALANCES, BEGINNING | <u>19,760,541</u> | <u>7,355,920</u> |
| FUND BALANCES, ENDING | <u>\$ 21,875,413</u> | <u>\$ 9,111,788</u> |

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> |
| - | 12,413 | 28,581,466 |
| - | 5,936,651 | 11,687,309 |
| - | 10,226 | 854,045 |
| - | 294,146 | 12,776,591 |
| 12,473 | 12,413,333 | 20,350,200 |
| - | 553,180 | 6,755,479 |
| 7,989,850 | - | 7,989,850 |
| 3,274,200 | - | 3,274,200 |
| - | 17,402,848 | 17,402,848 |
| <u>11,276,523</u> | <u>36,622,797</u> | <u>109,671,988</u> |
| <u>(11,030,082)</u> | <u>182,850</u> | <u>(2,190,994)</u> |
| - | 110,000 | 110,000 |
| 1,778,325 | - | 1,778,325 |
| - | 1,616 | 1,616 |
| 15,299 | - | 15,299 |
| 9,714,766 | 2,549,179 | 18,889,096 |
| (467,914) | (6,975,086) | (20,980,391) |
| - | 58,000 | 98,058 |
| - | 67,862 | 2,154,546 |
| <u>11,040,476</u> | <u>(4,188,429)</u> | <u>2,066,549</u> |
| 10,394 | (4,005,579) | (124,445) |
| <u>250,724</u> | <u>28,033,763</u> | <u>55,400,948</u> |
| <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> | (805,917) |
| Total additional expenses | | |

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

| | |
|---|---------------------|
| Change in net position of governmental activities | <u>\$ 2,609,751</u> |
| | <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 |
| 1,245,028 | 2,751,696 | 29,997,907 | 6,035,671 |
| 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 | - |
| (17,307,900) | (7,804,814) | (127,876,420) | (196,513) |
| 54,115,424 | 16,862,846 | 341,272,457 | 158,505 |
| 54,522,321 | 16,862,846 | 352,401,854 | 158,505 |
| 55,767,349 | 19,614,542 | 382,399,761 | 6,194,176 |
| 92,197 | 732,260 | 1,669,475 | 480,366 |
| 1,372 | 11,317 | 29,259 | - |
| 93,569 | 743,577 | 1,698,734 | 480,366 |

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 | 102,600 | 46,073 | 51,379 |
| Total Operating Revenues | 12,659,662 | 8,906,136 | 4,367,963 |
| 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 | 3,403,512 | 1,404,937 | 1,727,937 |
| Total Operating Expenses | 9,763,340 | 6,393,964 | 4,113,060 |
| OPERATING INCOME (LOSS) | 2,896,322 | 2,512,172 | 254,903 |
| 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 | 2,791 | 1,847 | 42 |
| Net Nonoperating Revenues (Expenses) | (1,772,587) | (655,169) | (1,886,134) |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 1,123,735 | 1,857,003 | (1,631,231) |
| CAPITAL CONTRIBUTIONS | - | 73,095 | 6,420,173 |
| TRANSFERS IN | 1,074,637 | 10,259 | 530,105 |
| TRANSFERS OUT | (142,884) | (142,884) | (772,607) |
| CHANGE IN NET POSITION | 2,055,488 | 1,797,473 | 4,546,440 |
| NET POSITION, BEGINNING, AS RESTATED | 26,472,830 | 27,224,996 | 55,151,117 |
| NET POSITION, ENDING | \$ 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 |
| \$ 2,864,971 | \$ 4,727,291 | \$ 33,325,971 | \$ 17,159,994 |
| 169,773 | 67,074 | 436,899 | 73,832 |
| 3,034,744 | 4,794,365 | 33,762,870 | 17,233,826 |
| 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 |
| 1,201,791 | 1,101,442 | 8,839,619 | 37,322 |
| 2,617,133 | 9,094,381 | 31,981,878 | 14,641,163 |
| 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 |
| (156,780) | 1,653,210 | (2,817,460) | 30,061 |
| 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 | - |
| (736,042) | (257,993) | (2,052,410) | (12,973) |
| 331,873 | 1,234,828 | 9,966,102 | 2,609,751 |
| 47,742,876 | 15,398,010 | 171,989,829 | 665,029 |
| \$ 48,074,749 | \$ 16,632,838 | \$ 181,955,931 | \$ 3,274,780 |

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 |
| (4,358,212) | 7,067,092 | 2,228,999 |
| 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 | - |
| 4,522,115 | 4,998,083 | (24,187) |
| - | 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 | - |
| (697,186) | (11,366,883) | (26,290) |
| 6,268 | 211,636 | 16,280 |
| (527,015) | 909,923 | 2,194,802 |
| 1,752,391 | 33,417,406 | 3,583,402 |
| \$ 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 | <u>\$ 4,768,555</u> | <u>\$ 3,996,238</u> | <u>\$ 1,009,062</u> | <u>\$ 1,651,447</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Contribution of capital assets from outside sources | <u>\$ -</u> | <u>\$ 73,095</u> | <u>\$ 3,721,354</u> | <u>\$ -</u> |
| Capital Assets financed through loan agreement | <u>\$ -</u> | <u>\$ 4,000,000</u> | <u>\$ -</u> | <u>\$ -</u> |
| Contributions of capital assets from Governmental Activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,698,819</u> | <u>\$ 151,700</u> |
| See notes to financial statements. | | | | |

EXHIBIT 7
(continued)

| Business-type Activities-Enterprise Funds | | | Governmental Activities- Internal Service Funds |
|---|---------------------|-----------|--|
| Other Enterprise Funds | Total | | |
| \$ (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 | | - |
| (58,196) | 5,286,097 | | (363,664) |
| <u>\$ (4,358,212)</u> | <u>\$ 7,067,090</u> | <u>\$</u> | <u>2,228,999</u> |
| <u>\$ 1,785,106</u> | <u>\$ 5,579,555</u> | <u>\$</u> | <u>-</u> |
| <u>\$ -</u> | <u>\$ 4,000,000</u> | <u>\$</u> | <u>-</u> |
| <u>\$ 468,228</u> | <u>\$ 3,318,747</u> | <u>\$</u> | <u>-</u> |

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 |

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 |
| Total | <u>\$ 84,782,750</u> |
| 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 | <u>\$ 84,782,750</u> |

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

| | |
|---|----------------------|
| Cash on hand | \$ 1,200 |
| Carrying amount of deposits | \$ 11,183,115 |
| Total | <u>\$ 11,184,315</u> |
| Cash and pooled cash investments | \$ 3,576,089 |
| Cash and pooled cash investments - temporarily restricted | 7,608,226 |
| Total | <u>\$ 11,184,315</u> |

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 |
| Total | <u>\$ 3,364,388</u> |
| | |
| Cash and pooled cash investments | \$ 2,019,075 |
| Cash and pooled cash investments-temporarily restricted | 1,345,313 |
| Total | <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 |
| Total | <u>\$ 142,874</u> |
| | |
| Cash and pooled cash investments | \$ 25,482 |
| Cash and pooled cash investments-temporarily restricted | 117,392 |
| Total | <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 | 1,700,000 | - |
| | | | | | <u>\$ 6,911,197</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:

| | Due From Other Funds | Due To Other Funds |
|--------------------------|-------------------------|-----------------------|
| 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 | Nonmajor Governmental | Sewer Disposal Works | Water Utility | Storm Water Utility | Parking Facilities | | | |
| General | \$ - | \$ 529,884 | \$ - | \$ 4,685,100 | \$ 142,884 | \$ 142,884 | \$ - | \$ - | \$ - | \$ 12,973 | \$ 5,513,725 |
| Tax increment financing | - | - | - | - | - | - | - | - | - | - | - |
| Debt Services | 1,356,337 | 7,301,393 | 375,384 | - | - | - | - | 736,042 | - | - | 1,111,426 |
| Nonmajor | - | - | - | 1,057,036 | - | - | - | - | - | - | 9,714,766 |
| Governmental | 302,466 | 1,192,913 | - | 795,807 | - | - | - | - | 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>\$ 772,607</u> | <u>\$ 736,042</u> | <u>\$ 257,993</u> | <u>\$ 12,973</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 | <u>124,808,783</u> | <u>-</u> | <u>-</u> | <u>10,944,394</u> | <u>(7,488,248)</u> | <u>128,264,929</u> |
| 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 | <u>444,029,089</u> | <u>-</u> | <u>-</u> | <u>7,462,218</u> | <u>(1,232,666)</u> | <u>450,258,641</u> |
| 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 | <u>(152,278,406)</u> | <u>-</u> | <u>-</u> | <u>(9,918,612)</u> | <u>1,160,000</u> | <u>(161,037,018)</u> |
| Total capital assets, being depreciated, net | <u>291,750,683</u> | <u>-</u> | <u>-</u> | <u>(2,456,394)</u> | <u>(72,666)</u> | <u>289,221,623</u> |
| 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 | 30,693,320 | - | - | 14,811,122 | (15,285,437) | 30,219,005 |
| 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 | 424,015,477 | - | - | 15,004,998 | (90,603) | 438,929,872 |
| 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 | (119,127,404) | - | - | (8,839,619) | 90,603 | (127,876,420) |
| Total capital assets, being depreciated, net | 304,888,073 | - | - | 6,165,379 | - | 311,053,452 |
| 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 | <u>\$ 12,236,766</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,531,588</u> | <u>\$ (17,573)</u> | <u>\$ 14,750,781</u> |

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 | <u>\$ 37,807,062</u> | <u>\$ (1,021,862)</u> | <u>\$ -</u> | <u>\$ 36,785,200</u> |

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 |
| | | | | <u>\$ 111,020,500</u> | <u>\$ 89,413,427</u> |

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 Originally Issued | Amount Outstanding End of Year | Current Portion |
|-------------------------|------------------|-------------------|-------------------|--------------------------------|--------------------------------------|--------------------|
| Diamond Jo Parking Ramp | 10/16/07 | 06/01/11-06/01/37 | 7.50% | \$ 23,025,000 | \$ 20,045,000 | \$ 510,000 |
| | | | | <u>\$ 23,025,000</u> | <u>\$ 20,045,000</u> | <u>\$ 510,000</u> |

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 Originally Issued | Amount Outstanding End of Year |
|-----------------------------|---------------|-------------------|----------------|--------------------------|--------------------------------|
| Water Utility Series 2008D | 11/04/2008 | 06/01/10-06/01/23 | 3.00-5.00 % | \$ 1,195,000 | \$ 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 Issue | Maturity Dates | Interest Rates | Amount | Amount | Current Portion |
|-------------|------------------|-------------------|-------------------|----------------------|----------------------------|--------------------|
| | | | | Originally Issued | Outstanding End of Year | |
| 40 Main LLC | 08/06/09 | 06/01/11-06/01/37 | 6.50 % | <u>\$ 690,529</u> | <u>\$ 255,881</u> | <u>\$ 79,827</u> |

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 Authorize d | Final Maturity Date | Interest Rates | Amount Authorized | Amount Outstanding End of Year | Current Portion |
|------------------------------------|------------------------|---------------------------|-------------------|-----------------------|--------------------------------------|---------------------|
| Drinking Water | 10/18/07 | 06/01/28 | 3.25 % | \$ 1,037,000 | \$ 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 |
| | | | | <u>\$ 143,157,953</u> | <u>\$ 112,765,210</u> | <u>\$ 4,482,778</u> |

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 | <u>\$ 112,765,210</u> | <u>\$ 26,991,002</u> |

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 |
| Unaccreted premium | 831,820 | 18,688 | (141,327) | 709,181 | - |
| Unamortized discounts | (56,095) | - | 5,534 | (50,561) | - |
| Total general obligation bonds | 53,800,719 | 1,905,240 | (6,872,461) | 48,833,498 | 4,821,734 |
| 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 | 20,333,690 | - | (466,128) | 19,867,562 | 510,000 |
| 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 | \$ 135,718,703 | \$ 5,293,395 | \$ (13,047,808) | \$ 127,964,290 | \$ 5,928,306 |
| Business-type activities: | | | | | |
| General obligation bonds | \$ 43,705,012 | \$ 4,068,443 | \$ (6,534,906) | \$ 41,238,549 | \$ 2,918,267 |
| Unaccreted premium | 817,707 | 59,329 | (102,833) | 774,203 | - |
| Unamortized discounts | (35,696) | - | 2,854 | (32,842) | - |
| Total general obligation bonds | 44,487,023 | 4,127,772 | (6,634,885) | 41,979,910 | 2,918,267 |
| Revenue bonds | 33,105,000 | - | (305,000) | 32,800,000 | 315,000 |
| Unaccreted premium | 799,528 | - | (66,360) | 733,168 | - |
| Unamortized discounts | (63,962) | - | 4,927 | (59,035) | - |
| Total revenue bonds | 33,840,566 | - | (366,433) | 33,474,133 | 315,000 |
| 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 | \$ 201,476,895 | \$ 10,896,580 | \$ (12,291,720) | \$ 200,081,755 | \$ 8,846,794 |

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 | 1,295,000 | 74,760 |
| 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 |
| Unaccreted 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 |
| | <u>55,604</u> |
| Less: Current maturities | <u>(47,834)</u> |
| Non-current liability | <u>\$ 7,770</u> |

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 |
| | <u>\$ 55,604</u> |

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%.

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 |
| | <u>\$ 5,209,735</u> |

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 | <u>(11,310,618)</u> | <u>(1,074,932)</u> |
| 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 | <u>(9,745,993)</u> | <u>(843,066)</u> |
| 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 based on the number of employees in the plan. The City's proportion was 98.1% as of June 30, 2018

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|----------------------|
| Total OPEB Liability beginning of year, as restated | \$ 5,844,069 |
| 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 | \$ 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 MFPSI 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 | \$ 177,086 |

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 | \$ 112,959 |
| Changes for the year: | |
| Service Cost | 5,380 |
| Interest | 3,335 |
| Other Changes | 1,137 |
| Changes in assumptions | 2,679 |
| Benefit payments | (9,196) |
| 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 |
| | <u>\$ 3,429</u> |

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 | 2,234,886 | - |
| 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 | <u>\$ 161,402</u> | <u>\$ 31,132</u> |

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 (MFPRSI)

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

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

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

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% 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 MFPRSI 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 MFPRSI 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 MFPRSI 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 | <u>\$ 8,236,996</u> | <u>\$ 1,353,532</u> |

\$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 June 30 | Total |
|--------------------------|---------------------|
| 2019 | \$ 476,692 |
| 2020 | 1,964,694 |
| 2021 | 1,023,922 |
| 2022 | (349,094) |
| 2023 | 141,620 |
| | <u>\$ 3,257,834</u> |

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 MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of 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, MFPRSI 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 MFPRSI 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 |

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

Payables to MFPRSI - 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 MFPRSI.

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 an annual report with the State to provide compliance with its legal requirements of maintaining a balance per the prescribed formula. Any adjustments to the account are made prior to June 30.

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

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

| | 2018 |
|-------------------|---------------------|
| Closure | \$ 2,964,717 |
| Post-closure care | 2,265,000 |
| 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 Activities | Business Type Activities | | | | | | Component Unit | |
|--|----------------------------|--------------------------|------------|------------|------------|-----------|------------|-----------------------------|------------|
| | | 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 |
|---|----------------------|----------------------|----------------------|---------------------|
| | | Original | Final | Variance |
| 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 | <u>157,344,556</u> | <u>161,462,370</u> | <u>200,028,140</u> | <u>(42,683,584)</u> |
| 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 | <u>169,458,180</u> | <u>169,712,947</u> | <u>253,982,216</u> | <u>84,524,036</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES | <u>(12,113,624)</u> | <u>(8,250,577)</u> | <u>(53,954,076)</u> | <u>41,840,452</u> |
| OTHER FINANCING SOURCES, NET | <u>14,915,128</u> | <u>13,966,052</u> | <u>55,737,540</u> | <u>(40,822,412)</u> |
| EXCESS DEFICIENCY OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>2,801,504</u> | <u>5,715,475</u> | <u>1,783,464</u> | <u>1,018,040</u> |
| BALANCE, BEGINNING OF YEAR | <u>72,540,864</u> | <u>24,386,716</u> | <u>38,312,793</u> | <u>-</u> |
| BALANCE, ENDING OF YEAR | <u>\$ 75,342,368</u> | <u>\$ 30,102,191</u> | <u>\$ 40,096,257</u> | <u>\$ 1,018,040</u> |

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 Modified Accrual Basis | Enterprise Funds Accrual Basis | Total |
|--|----------------------|-----------------------|--------------------------------|--|-----------------------------------|-----------------------|
| 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**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY****IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM****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) | 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 preceeding fiscal year.

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

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

Required Supplementary Information

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 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 preceeding fiscal year.

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

CITY OF DUBUQUE, IOWA
SCHEDULE OF THE CITY CONTRIBUTION
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 | (3,626) | (3,513) | (3,727) | (3,969) | (3,906) | (3,310) | (3,177) | (2,404) | (1,966) | (2,078) |
| 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 | 175,498 |
| Total OPEB liability beginning of year | 5,957,029 |
| Total OPEB liability end of year | \$ 6,132,527 |
| 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 | <u>\$ 6,237,200</u> | <u>\$ 686,879</u> | <u>\$ 4,081,688</u> | <u>\$ 712,355</u> |
| 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 | <u>360,270</u> | <u>163,274</u> | <u>-</u> | <u>-</u> |
| 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 | <u>-</u> | <u>-</u> | <u>4,057,003</u> | <u>684,205</u> |
| 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 | <u>5,876,930</u> | <u>523,605</u> | <u>24,685</u> | <u>28,150</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 6,237,200</u> | <u>\$ 686,879</u> | <u>\$ 4,081,688</u> | <u>\$ 712,355</u> |

EXHIBIT A-1

| 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 |
| \$ 465,358 | \$ 1,152,261 | \$ 8,589 | \$ 137,841 | \$ 234,834 | \$ 1,322,005 | \$ 270,583 | \$ 731,797 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 140,592 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,035 | 2,569 | 19 | 307 | - | 10,802 | 2,692 | 445 |
| - | - | - | - | 253,541 | 4,387,675 | - | 45,345 |
| - | - | - | - | - | 1,844,450 | 402,160 | 12,805 |
| - | - | - | - | - | - | - | - |
| 19,407 | - | - | - | - | 15,373 | - | - |
| - | - | - | - | - | 290,735 | 936,566 | 2,210,447 |
| <u>\$ 626,392</u> | <u>\$ 1,154,830</u> | <u>\$ 8,608</u> | <u>\$ 138,148</u> | <u>\$ 488,375</u> | <u>\$ 7,871,040</u> | <u>\$ 1,612,001</u> | <u>\$ 3,000,839</u> |
| | | | | | | | |
| \$ 6,826 | \$ - | \$ - | \$ - | \$ - | \$ 762,481 | \$ 57,637 | \$ 37,482 |
| 13,063 | - | - | - | - | 29,997 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 139,051 | - | - |
| <u>19,889</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>931,529</u> | <u>57,637</u> | <u>37,482</u> |
| | | | | | | | |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 1,085,937 | 5,157 | 12,805 |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,085,937</u> | <u>5,157</u> | <u>12,805</u> |
| | | | | | | | |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 19,407 | - | - | - | - | 15,373 | - | - |
| - | - | - | - | - | - | - | - |
| - | 1,154,830 | - | - | - | - | - | - |
| - | - | 8,608 | - | - | - | - | - |
| - | - | - | 138,148 | - | - | - | - |
| - | - | - | - | - | - | 1,549,207 | 2,950,552 |
| 587,096 | - | - | - | - | - | - | - |
| - | - | - | - | 488,375 | - | - | - |
| - | - | - | - | - | 7,860,138 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | (2,021,937) | - | - |
| <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> |
| <u>\$ 626,392</u> | <u>\$ 1,154,830</u> | <u>\$ 8,608</u> | <u>\$ 138,148</u> | <u>\$ 488,375</u> | <u>\$ 7,871,040</u> | <u>\$ 1,612,001</u> | <u>\$ 3,000,839</u> |

(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 |
| 564,137 | 116,756 | 51 | 138,148 | 227,046 | 6,565,225 | 1,678,868 | 140,533 |
| - | - | 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 |
| 544,125 | 163,271 | 12,413 | - | 114,529 | 9,613,490 | 1,581,808 | 1,638,906 |
| 20,012 | (46,515) | (12,362) | 138,148 | 112,517 | (3,048,265) | 97,060 | (1,498,373) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 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 |
| 20,012 | (46,515) | (12,362) | 138,148 | 192,708 | (2,969,115) | 265,676 | (142,446) |
| 586,491 | 1,201,345 | 20,970 | - | 295,667 | 8,822,689 | 1,283,531 | 3,092,998 |
| \$ 606,503 | \$ 1,154,830 | \$ 8,608 | \$ 138,148 | \$ 488,375 | \$ 5,853,574 | \$ 1,549,207 | \$ 2,950,552 |

(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 | <u>1,762,093</u> | <u>8,001,530</u> | <u>-</u> | <u>367</u> | <u>36,805,647</u> |
| 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 | <u>1,367,076</u> | <u>9,156,461</u> | <u>5,547</u> | <u>-</u> | <u>36,622,797</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>395,017</u> | <u>(1,154,931)</u> | <u>(5,547)</u> | <u>367</u> | <u>182,850</u> |
| 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) | <u>(1,171,406)</u> | <u>(480)</u> | <u>-</u> | <u>-</u> | <u>(4,188,429)</u> |
| NET CHANGE IN FUND BALANCES | (776,389) | (1,155,411) | (5,547) | 367 | (4,005,579) |
| FUND BALANCES, BEGINNING | <u>4,913,044</u> | <u>1,679,110</u> | <u>151,421</u> | <u>18,422</u> | <u>28,033,763</u> |
| FUND BALANCES, ENDING | <u>\$ 4,136,655</u> | <u>\$ 523,699</u> | <u>\$ 145,874</u> | <u>\$ 18,789</u> | <u>\$ 24,028,184</u> |

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 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 | <u>4,232,542</u> | <u>465,550</u> | <u>96,273</u> | <u>-</u> | <u>4,794,365</u> |
| 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 | <u>4,242,073</u> | <u>4,722,744</u> | <u>119,421</u> | <u>10,143</u> | <u>9,094,381</u> |
| OPERATING INCOME (LOSS) | <u>(9,531)</u> | <u>(4,257,194)</u> | <u>(23,148)</u> | <u>(10,143)</u> | <u>(4,300,016)</u> |
| 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 | <u>5,042</u> | <u>1,648,168</u> | <u>-</u> | <u>-</u> | <u>1,653,210</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(4,489)</u> | <u>(2,609,026)</u> | <u>(23,148)</u> | <u>(10,143)</u> | <u>(2,646,806)</u> |
| CAPITAL CONTRIBUTIONS | - | 2,253,334 | - | - | 2,253,334 |
| TRANSFERS IN | - | 1,872,714 | - | 13,579 | 1,886,293 |
| TRANSFERS OUT | <u>-</u> | <u>(257,993)</u> | <u>-</u> | <u>-</u> | <u>(257,993)</u> |
| CHANGE IN NET POSITION | <u>(4,489)</u> | <u>1,259,029</u> | <u>(23,148)</u> | <u>3,436</u> | <u>1,234,828</u> |
| NET POSITION, BEGINNING, AS RESTATED | <u>688,540</u> | <u>13,912,340</u> | <u>800,562</u> | <u>(3,432)</u> | <u>15,398,010</u> |
| NET POSITION, ENDING | <u>\$ 684,051</u> | <u>\$ 15,171,369</u> | <u>\$ 777,414</u> | <u>\$ 4</u> | <u>\$ 16,632,838</u> |

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 | <u>343,189</u> | <u>(4,692,309)</u> | <u>4,487</u> | <u>(13,579)</u> | <u>(4,358,212)</u> |
| 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 | <u>-</u> | <u>4,511,423</u> | <u>(2,887)</u> | <u>13,579</u> | <u>4,522,115</u> |
| 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 | <u>(358,763)</u> | <u>(338,423)</u> | <u>-</u> | <u>-</u> | <u>(697,186)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest received | <u>6,268</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,268</u> |
| NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS | <u>(9,306)</u> | <u>(519,309)</u> | <u>1,600</u> | <u>-</u> | <u>(527,015)</u> |
| CASH AND POOLED INVESTMENTS, BEGINNING | <u>926,428</u> | <u>825,959</u> | <u>-</u> | <u>4</u> | <u>1,752,391</u> |
| CASH AND POOLED INVESTMENTS, ENDING | <u>\$ 917,122</u> | <u>306,650</u> | <u>\$ 1,600</u> | <u>\$ 4</u> | <u>\$ 1,225,376</u> |

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 |
| - | - | (196,513) |
| - | - | 158,505 |
| - | - | 158,505 |
| <u>4,264,011</u> | <u>1,367,015</u> | <u>6,194,176</u> |
| - | - | 480,366 |
| 499,834 | 996,687 | 1,560,526 |
| - | - | 28,834 |
| - | - | 27,798 |
| <u>499,834</u> | <u>996,687</u> | <u>1,617,158</u> |
| - | - | 1,689,948 |
| - | - | 1,689,948 |
| <u>499,834</u> | <u>996,687</u> | <u>3,307,106</u> |
| - | - | 92,656 |
| - | - | 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 | <u>(989,582)</u> | <u>1,030</u> | <u>3,622</u> |
| 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 |
| 11,738,665 | 1,074,152 | 17,233,826 |
| - | - | 2,587,998 |
| - | - | 33,233 |
| - | - | 93,718 |
| 9,540,879 | 721,516 | 11,778,148 |
| 4 | 91,453 | 110,744 |
| - | - | 37,322 |
| 9,540,883 | 812,969 | 14,641,163 |
| 2,197,782 | 261,183 | 2,592,663 |
| - | - | 1,294 |
| 15,544 | 10,037 | 25,581 |
| - | - | 3,186 |
| 2,213,326 | 271,220 | 2,622,724 |
| - | - | (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 |
| 1,890,535 | 222,903 | 2,228,999 |
| - | - | (12,973) |
| - | - | (11,214) |
| - | - | - |
| - | - | (24,187) |
| - | - | (30,770) |
| - | - | 1,294 |
| - | - | 3,186 |
| - | - | (26,290) |
| 8,296 | 7,984 | 16,280 |
| 1,898,831 | 230,887 | 2,194,802 |
| 2,193,319 | 1,118,880 | 3,583,402 |
| <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) |
| (307,247) | (38,280) | (363,664) |
| <u>\$ 1,890,535</u> | <u>\$ 222,903</u> | <u>\$ 2,228,999</u> |

AGENCY FUNDS

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

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

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

Flexsteel Decomission Fund – This fund is used to account for the resources held for the decomissioning 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 | \$ - | \$ 2,665,839 | \$ - | \$ 2,665,839 |
| 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 | (5,280,715) | (11,256,312) | (4,891,381) | (16,876,988) | (8,361,688) |
| 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 | 12,321,125 | 11,679,961 | 2,603,799 | 10,665,596 | (641,384) |
| 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 | 7,040,410 | 423,649 | (2,287,582) | (6,211,392) | (9,003,072) |
| 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 |
| | 91,523,462 | 87,054,103 | 87,665,252 | 94,643,763 | 96,895,727 |
| | 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 |
| | 35,144,764 | 35,590,158 | 36,189,583 | 36,429,003 | 36,846,411 |
| \$ | 126,668,226 | \$ 122,644,261 | \$ 123,854,835 | \$ 131,072,766 | \$ 133,742,138 |
| | 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 |
| | 39,643,825 | 36,361,938 | 49,057,304 | 43,308,823 | 47,342,955 |
| | 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 |
| | 32,079,694 | 40,872,905 | 41,227,049 | 48,951,343 | 41,116,535 |
| \$ | 71,723,519 | \$ 77,234,843 | \$ 90,284,353 | \$ 92,260,166 | \$ 88,459,490 |

(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 | 1,330,248 | (372,475) | 2,746,810 | 539,985 | (979,144) |
| 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 | (24,826,982) | (3,104,762) | (1,211,263) | (4,749,948) | (1,092,236) |
| 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 | 24,826,982 | 3,104,762 | 1,211,263 | 4,749,948 | 1,092,236 |
| 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 | 26,592,682 | 3,050,548 | 1,908,955 | 5,337,061 | 8,109 |
| 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) |
| (3,065,070) | 5,282,747 | 5,037,466 | 12,522,340 | 4,270,124 |
| <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 |
| - | - | - | - | - |
| (2,444,846) | (7,288,593) | (979,900) | (1,071,163) | (5,423,015) |
| <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 |
| - | - | - | - | - |
| 2,444,846 | 7,288,593 | 979,900 | 1,071,163 | 5,423,015 |
| <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 |
| (304,534) | 12,763,267 | 6,527,718 | 13,879,323 | 9,966,102 |
| <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 | 5,414,922 |
| 1,904,805 | 647,772 | 1,015,935 | 2,208 | - |
| 7,356,066 | 8,693,524 | 10,908,497 | 1,590,065 | 1,267,250 |
| \$ 15,809,934 | \$ 15,423,339 | \$ 17,973,484 | \$ 19,760,541 | \$ 21,875,413 |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 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) |
| \$ 42,809,987 | \$ 43,978,502 | \$ 35,638,981 | \$ 35,640,407 | \$ 33,401,090 |

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

| | Fiscal - | | | | |
|---|------------------------|-----------------------|---------------------|----------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| 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 | 24,274,120 | 14,831,118 | 15,102,893 | 23,459,891 | 16,636,698 |
| 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>\$ (16,528,875)</u> | <u>\$ (9,098,950)</u> | <u>\$ 7,787,020</u> | <u>\$ 19,216,688</u> | <u>\$ 1,258,528</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 |
| | 92,114,175 | 93,998,206 | 106,147,129 | 106,265,736 | 107,480,994 |
| | | | | | |
| | 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 |
| | 18,779,651 | 14,829,037 | 31,504,581 | 16,260,851 | 17,402,848 |
| | 102,333,079 | 97,724,941 | 120,983,178 | 115,367,913 | 109,671,988 |
| | | | | | |
| | (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 |
| | (705,802) | 4,508,655 | 9,046,676 | 10,890,657 | 2,066,549 |
| \$ | (10,924,706) | \$ 781,920 | \$ (5,789,373) | \$ 1,788,480 | \$ (124,445) |
| | | | | | |
| | 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 Year | Fiscal Year | Real Property | | Exemptions | Total | | Total Taxable Value to Total Assessed | Total Direct |
|--------------|----------------|------------------|-------------------|------------------|------------------|-------------------|---|--------------|
| | | Taxable Value | Assessed Value | Real Property | Taxable Value | Assessed Value | Value | Tax Rate |
| 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 Limited 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 | Tax Increment Financing Bonds | Tax Increment Financing Notes | Other Loans Payable | General Obligation Bonds |
| 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 | | | | | | |
|--------------------------|------------------|---------------------------|--------------------------------|---|-------------------|--|
| Capital Loan Notes | Revenue Bonds | Other Loans Payable | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) | |
| \$ 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)

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|------------------|------------------|------------------|------------------|
| 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 |
| \$ 38,365 | \$ 33,698 | \$ 19,517 | \$ 30,193 | \$ 63,374 | \$ 74,133 |
| 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) | <u>(134,915,711)</u> |
| 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

| <u>Fiscal Year</u> | <u>Water Revenue</u> | <u>Sewer Revenue</u> | <u>Gallons Billed</u> |
|--------------------|--------------------------|--------------------------|---------------------------|
| 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

| <u>Steps</u> | <u>Gallons</u> | | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|--------------|----------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 | | |
|--|-------------------|------|---|-------------------|------|---|
| | # 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>11,310</u> | | 20.71 % | <u>9,920</u> | | 19.08 % |

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

| | 2009 | 2010 | 2011 | Full- Time 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>532.67</u> | <u>539.01</u> | <u>546.59</u> | <u>549.25</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 | 1 | 1 | 1 | 1 | 1 |
| 22 | 22 | 22 | 22 | 22 | 22 |
| 6 | 6 | 6 | 6 | 6 | 6 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 329 | 331 | 333 | 332 | 336 | 334 |
| 2,084 | 2,110 | 2,161 | 2,162 | 2,184 | 2,312 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 389 | 389 | 373 | 373 | 373 | 373 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 51 | 51 | 53 | 53 | 53 | 53 |
| 1,001 | 1,001 | 974 | 974 | 974 | 974 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 7 | 7 | 11 | 11 | 11 | 11 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 20 | 20 | 20 | 20 | 20 | 20 |
| 304 | 307 | 320 | 322 | 326 | 321 |
| 141 | 144 | 145 | 147 | 152 | 156 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 22,428 | 22,888 | 22,928 | 23,119 | 23,343 | 23,423 |
| 321 | 315 | 318 | 329 | 337 | 370 |
| 22,536 | 22,702 | 22,787 | 22,970 | 23,443 | 23,546 |
| 2,879 | 2,336 | 2,346 | 2,380 | 2,450 | 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.

Handwritten signature of Erik Bailly in cursive script.

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> | - |
| 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> | - |
| Direct program: | | | | |
| Section 8 Project-Based Cluster | | | | |
| Lower Income Housing Assistance Program - | | | | |
| Section 8 Moderate Rehabilitation | 14.856 | | <u>77,362</u> | - |
| Housing Voucher Cluster | | | | |
| Section 8 Housing Choice Vouchers - IA087V | 14.871 | | 5,261,247 | - |
| Section 8 Housing Choice Vouchers - IA087FSH | 14.871 | | <u>132,996</u> | - |
| Total Housing Voucher Cluster | | | <u>5,394,243</u> | - |
| Lead-Based Paint Hazard Control in | | | | |
| Privately-Owned Housing | 14.900 | | <u>1,075,488</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> | - |
| Public Safety Partnership and Community | | | | |
| Policing Grants | 16.710 | 14-CAMP-04 | <u>6,775</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>26,664</u> | - |
| Total U.S. Department of Justice | | | <u>36,552</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>U.S. Department of Transportation</u> | | | | |
| 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> | <u>-</u> |
| Highway Planning and Construction Cluster: | | | | |
| Pass-through program from: | | | | |
| Iowa Department of Transportation: | | | | |
| Highway Planning and Construction | 20.205 | HDP-2100-(679)-71-31 | 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 | - |
| Total Highway Planning and Construction Cluster | | | <u>3,822,885</u> | <u>-</u> |
| Federal Transit Cluster: | | | | |
| Direct program: | | | | |
| Federal Transit - Formula Grants | 20.507 | | 977,998 | - |
| Federal Transit - Formula Grants | 20.507 | | 316,795 | - |
| | | | <u>1,294,793</u> | <u>-</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> | <u>-</u> |
| Total Federal Transit Cluster | | | <u>2,861,668</u> | <u>-</u> |
| Pass-through program from: | | | | |
| Iowa Department of Transportation: | | | | |
| Formula Grants for Rural Areas | 20.509 | ICB-CY17 | 7,500 | - |
| Transit Services Program Cluster: | | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | IA-2016-026-210-17 | 43,970 | - |
| Highway Safety Cluster | | | | |
| Iowa Department of Public Safety: | | | | |
| State and Community Highway Safety | 20.600 | PAP 17-402-M00P | 2,162 | - |
| State and Community Highway Safety | 20.600 | PAP 18-402-M00P | 25,861 | - |
| Total Highway Safety Cluster | | | <u>28,023</u> | <u>-</u> |
| Total U.S. Department of Transportation | | | <u>7,713,563</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>Environmental Protection Agency</u> | | | | |
| Direct program: | | | | |
| Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements | 66.814 | | \$ 35,585 | \$ - |
| Brownfields Assessment and Cleanup Cooperative Agreements - BF97741401 | 66.818 | | 10,790 | |
| Brownfields Assessment and Cleanup Cooperative Agreements - BF97756201 | 66.818 | | 48,343 | - |
| | | | 59,133 | |
| Total Environmental Protection Agency | | | 94,718 | - |
| <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 | | | 193,937 | - |
| <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 | | | \$ 21,602,703 | \$ 112,032 |

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.

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 |

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.

- 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.