

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

THE CITY OF  
**DUBUQUE**  
*Masterpiece on the Mississippi*  
*Iowa*



FISCAL YEAR ENDED JUNE 30, 2011

CENTRAL AVENUE PARKING RAMP &  
FIRE HEADQUARTERS EXPANSION

***About the Cover:***

Dubuque's new Central Avenue Parking Ramp was completed in summer 2011. The \$9.4 million facility was financed through a \$1.5 million Economic Development Administration grant and \$7.9 million in general obligation bond sales. The ramp contains 477 parking spaces on seven levels and was built to support and encourage continued development in downtown Dubuque. It features a "smart" lighting system which monitors each level and only activates lighting when motion sensors detect movement, a bicycle storage area, and parking spaces with electrical outlets to charge hybrid and electric vehicles. The landscaped areas around the parking ramp also function as rain gardens.

In conjunction with the ramp construction project, three vehicle bays were added to Dubuque's Fire Department Headquarters, located next to the ramp. The cost of this expansion project was \$737,000, which was financed through general obligation bond sales.

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Erich Moeller

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Kelli Buchenau

**Comprehensive Annual Financial Report**  
**June 30, 2011**  
**City of Dubuque, Iowa**

Prepared by:  
Department of Finance



Introductory Section  
June 30, 2011

City of Dubuque, Iowa



# CITY OF DUBUQUE, IOWA

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January 19, 2012

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

The Comprehensive Annual Financial Report (CAFR) of the City of Dubuque, Iowa, for the fiscal year ended June 30, 2011, is hereby submitted as required by various state and federal regulations. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial operations have been included.

State code requires an annual audit by independent certified public accountants or the State Auditor. The accounting firm of Eide Bailly LLP conducted the audit for fiscal year 2011. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and grants, are included in the Compliance Section of this report. The independent auditors' report is included in the Financial Section of this report.

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

This report includes the Dubuque Metropolitan Area Solid Waste Agency (DMASWA) and Dubuque Initiatives and Subsidiaries as discretely presented component units. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City of Dubuque and to differentiate its financial position and results of operations from those of the City. The City of Dubuque appoints a voting majority to the DMASWA governing board and operates the landfill. Dubuque Initiatives is organized to render service to the City Council of the City of Dubuque, Iowa on matters of community interest, and in the event of dissolution, any assets or property of the organization are transferred to the City. In 2009, the City of Dubuque guaranteed debt issued by Dubuque Initiatives and Subsidiaries.

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

## **PROFILE OF THE CITY**

The City of Dubuque is located on the Mississippi River in northeast Iowa, adjacent to the states of Illinois and Wisconsin. Julien Dubuque began mining lead in the area now known as Dubuque in 1788. Dubuque is the oldest city in Iowa and has a unique combination of the old and new, ranging from cable cars, Victorian architecture, and a Civil War era shot tower, to an enclosed shopping mall, two casinos, one with a pari-mutuel dog track and the Smithsonian-affiliated National Mississippi River Museum and Aquarium. The City of Dubuque currently has a land area of 29.94 square miles, and a census 2010 population of 57,637. As the largest city in the tri-state area, Dubuque serves as the hub of a trade area with a population estimated at 250,000.

Dubuque has a stable and diversified economic base and is the major tri-state retail center. Dubuque ended the fiscal year with an unemployment rate of approximately 5.8%, lower than the 6% state unemployment rate and 9.1% national rate. A new IBM Technology Service Delivery Center added 1,300 IT jobs in downtown Dubuque over the last two years.

The City of Dubuque is empowered to levy a property tax on real property located within the City limits. The City has operated under a council-manager form of government since 1920. Policymaking and legislative authorities are vested in the governing council, which consists of a mayor and a six-member council. The mayor is elected to a four-year term. The council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with three council members elected every two years. Four of the council members are elected within their respective wards; the mayor and the two remaining council members are elected at large. The governing council is responsible for, among other things, setting policy, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for overseeing the day-to-day operations of the government, making recommendations to the City Council on the budget and other matters, appointing the heads of the government's departments, and hiring employees.

## ECONOMIC CONDITION

Development at the Port of Dubuque continues with construction starting September 2011 on the \$9 million new world corporate headquarters of Flexsteel Industries. This project joins the already completed developments in the Port of Dubuque including the McGraw-Hill Higher Education office building, the LEED-certified remodeling of the former Adams facility by Durrant; renovation of the City-owned Dubuque Star Brewery by a private developer for office, restaurant, and retail use, a new City parking ramp, the expansion of the National Mississippi River Museum and the \$86 million Diamond Jo Casino entertainment center.

In 1997, the City acquired five farms (approximately 900 acres) with approximately 550 acres becoming Dubuque Industrial Center West (DICW.) In 2009-2010, the North Siegert farm was developed into a 100-acre expansion of the DICW. Over 233 acres have been sold and 24 businesses have located in the DICW, which include 21 local business expansions and 3 new industries. The City has seen unprecedented growth, selling over 125 acres in less than three years. IWI Auto Parts is nearing completion of its 69,240 square-foot warehouse in the expanded area. Two local expansions have already begun construction in the newly opened industrial area. Additionally, nearly 200 new jobs were created at Hormel and 100 new jobs at Medline, both in DICW, during the 2010 – 2011 time frame. The City has hired a consulting firm to begin the design phase of the next expansion of the DICW.

The Dubuque Technology Park on the south side of the City is a 130-acre park designed to accommodate growing office businesses. Eight businesses have located in the park. Sedgwick CMS has expanded their current leased facility and has created 106 new jobs in 2010-11.

Robust downtown development has occurred in the last five years with over \$100 million spent each year in building construction, renovation, and public improvement. Today there are over 9,000 people working in downtown Dubuque. In January 2009, IBM announced that would be utilizing the former Roshek Building as the office for 1,300 new technology service delivery center jobs. The building was purchased by Dubuque Initiatives and underwent a \$43 million renovation. IBM has taken possession of the top five floors (5-9) and achieved their employment goal of 1,300 by mid-2011. Two restaurants and a spa have become first-floor tenants. Another downtown fixture and sign of vitality is our Carnegie-Stout Public Library, which received a \$6.2 million renovation, completed in September 2010.

The City Council approved a Revitalization Strategy for Dubuque's Historic Millwork District in August 2007. The strategy defines six primary goals to be achieved in rehabilitating the area. The revitalization is expected to amount to \$200 million in investment from private and public sectors over the next ten years. A master plan for the redevelopment of the district was approved by the Council in February 2009. Planning has been completed for the infrastructure and parking needs anticipated by the redevelopment of these large brick structures for mixed-use purposes.

Dubuque was awarded a \$5.6 million USDOT TIGER grant in early 2010 to fund a Complete Streets project within the Historic Millwork District. This project was initiated in March 2011 and will be completed in-spring 2012. Additionally, the Caradco Building, a \$28 million private renovation project in the Millwork District, received two awards of \$3 million and \$5.9 million in CDBG funds to develop workforce housing. This project is expected to be completed in

2012. The IBM project has created a high demand for rental housing, as many of these new employees are recent college graduates and IBM transfers. In addition to the Historic Millwork District revitalization, the City is actively working with developers to expedite additional downtown housing rehabilitation projects in order to fill the critical housing need created by IBM. A 24-unit apartment project has been completed at 40-42 Main Street. Another 18-plus unit renovation has begun next door. The completion of Cathedral Square added 24 units to the market in October 2010. The upper three stories of the former Bricktown building have been renovated into 24 residential units that became available in early 2011. There are several other scattered upper story redevelopments that are or will soon be available for market rate residential rental.

West end construction includes Horizon Development opening their 43-unit affordable senior apartments in the fall 2011; Kluck Construction has finished the first of two 24-unit market rate apartment buildings; and GTW Pennsylvania, Inc. has finished their second 36-unit market rate two-bedroom apartments near the Dubuque Industrial Center West. Westside Place Townhomes are beginning construction of a 58-unit townhouse development. Portzen Construction has finished 35 townhouse units along Wyngate Drive off Pennsylvania Avenue near the Kennedy Mall. 3-Diamond Development completed construction of a 60-unit senior apartment building near Sylvan Drive.

Construction and selling of lots continues for four residential subdivisions. Pebble Cove #1 and #2, located near the Northwest Arterial will provide 46 new building lots for single and two-family homes. Construction of homes is currently underway. English Ridge subdivision, located east of the intersection of U.S. 20, created 45 single-family lots in the first phase and an additional 21 building lots in phase II. Northfork Trails is beginning construction of their second two-unit townhome located in their first phase. Northfork Trails provides 17 building lots for two-family homes and will incorporate sustainable land management and building construction practices on an infill site. Westbrook Subdivision on the City's far west side has completed its first phase of 39 lots and has begun second phase with 43 building lots. Liberty Subdivision has begun development of 15 new building lots on the City's north end.

Retail construction includes a new Texas Roadhouse Restaurant, Tantra Asian Bistro and Fareway Grocery Store, on the City's west side. Construction is underway for a Hy-Vee Convenience Store and Gas on Highway 20. Health care providers have projects in various stages of planning and construction that include \$5.8 million renovation to Mercy Medical Center to relocate ICU/CVU departments; Bethany Home \$3.5 million dementia unit addition; Area Residential Care \$2.8 million remodel and expansion; and M&M Schultz Properties LLC completed construction of their new dental office building. Thirty acres on the 51/61 corridor are available for additional retail development.

Steady progress continues on the University of Dubuque's \$30 million Performing Arts and Campus Center scheduled to be completed in 2013. The 80,000 square foot, architecturally dramatic center, located at the corner of Grace, Bennett, and McCormick Streets on the University campus, will be comprised of a main performance hall seating close to 1,000, faculty offices, student music practice rooms, a black box theater, a student café seating 150, a college store, together with enhanced space for student life as well as facilities to support fine and performing arts.

The Dubuque Ice and Recreation Center (DICE) group and four partner organizations completed an \$8 million, 3,000-seat Mystique Community Ice Center on Schmitt Island for the Dubuque Fighting Saints, (youth United States Hockey League Tier 1), and community ice events. The Fighting Saints ended their first season by winning the Clark Cup. The ice arena offers year round hockey and ice skating opportunities. Over 250 youth participated in the Learn to Skate program, and over 1,000 hours of public skating time was made available in this first year.

The City continues to receive awards and recognition from a variety of sources including:

- A UC-Berkley study ranked Dubuque 5<sup>th</sup> out of 361 cities nationwide in a 2011 study of resiliency capacity that evaluates a community's economic capacity to bounce back from adversity, strength of demographics, and community connectivity (August 2011)
- Dubuque was ranked 7<sup>th</sup> in the nation in *Forbes*' annual "**Best Small Places**" (August 2011)
- *Moody's/Economy.com* ranked Dubuque 9<sup>th</sup> among 392 largest U.S. cities for "**Employment Growth**" based on 2010-2012 (July 2011)
- Dubuque was awarded the 2010 Award for **Outstanding Leadership & Innovation** as part of the Governor's Iowa Environmental Excellence Awards (July 2011)
- Dubuque was **#1 in Iowa for Private Sector Job Growth** in 2010 according to data from Iowa Workforce Development. 1,800 net new jobs were created in 2010, 18% of the state total. (February 2011)
- *Connected World* magazine named Dubuque one of the "**Seven Most-Connected Locals**" in the United States (December 2010)
- *Fast Company* named Dubuque one of the 10 "**Smartest Cities on the Planet**" (December 2010)
- Dubuque placed 3<sup>rd</sup> and was named a **Gold Community** at the 2010 International Awards for Livable Communities (LivCOM) (November 2010)
- *Forbes* named Dubuque the "**Best Small City to Raise a Family**" for 2010 (October 2010)
- *Forbes* ranked Dubuque 1<sup>st</sup> in the national among mid-sized cities for **projected job growth** (April 2010)
- According to Thomson Reuters, Dubuque had the 2<sup>nd</sup> lowest healthcare spending among 382 metropolitan areas for residents with employer-sponsored health plans in 2009.
- Dubuque received the International Economic Development Council's 2010 "**Excellence in Economic Development Award**" in the category of Public/Private Partnership for communities with populations of 25 thousand to 200 thousand for the historic redevelopment of the Roshek Building
- The Iowa League of Cities named Dubuque its **2010 All-Star Community** for the Sustainable Dubuque initiative;
- Dubuque was ranked 15th in the nation in *Forbes* magazine's annual "**Best Small Places for Business and Careers**" (September 2010);
- Named "**One of America's 100 Best Communities for Young People**" by America's Promise Alliance for Youth for 2010, 2008, and 2007;
- Named one of America's 2009 "**Crown Communities**" by *American City & County* magazine;
- **2009 Best Business Retention & Expansion Program Award;**
- **2009 RelocateAmerica.com Top 100 Places to Live;**

- 2009 Economic Development Administration's "Excellence in Economic Development Award for Excellence in Historic Preservation-led Strategies" for the IBM/Roshek Building Project;

## MAJOR INITIATIVES

**For the Year.** The City of Dubuque staff, following the adopted priorities of the Mayor and City Council, has been involved in a variety of projects throughout the year. These projects reflect the City's commitment to continue to provide high quality services to the citizens of Dubuque within the budget guidelines set by the Mayor and City Council.

The Dubuque Regional Airport continues the design phase in an effort to meet current and forecasted passenger demand for Dubuque and the surrounding communities. Working with the Federal Aviation Administration (FAA), airport staff has completed the preliminary terminal design and an engineer's report. Phase II began fall 2011.

At the request of FAA, the various design phases associated with the development of the new Passenger Terminal Facility (site work & building-related) that were programmed throughout the project have been moved forward. It is expected that nearly 90% of the project costs will be funded by Airport Improvement Program grants issued through the Federal Aviation Administration. The program for these grants has been allowed to languish in Congress for over four years. The House has passed several funding bills. The City awaits action by Senate and subsequent Presidential approval for a multi-year funding program. Other funds through the state and locally generated passenger facility charges continue to be banked for this project.

Additionally, the Dubuque Regional Airport was awarded a \$164,000 IDOT Air Service Enhancement Grant to assist with start up costs of the 4<sup>th</sup> American Airlines flight through Chicago O'Hare that began in April 2011.

The City continues to implement components of the \$60 million Drainage Basin Master Plan. The Northwest Arterial Detention Basin Project, the North Fork Catfish Creek Improvements Project, the Carter Road Detention Basin Project and the W. 32<sup>nd</sup> Street Detention Basin Project are complete. And in the fall of 2011, construction of the first phase of the \$52 million Bee Branch Creek Restoration and Gateway Project was completed.

The Bee Branch Creek Restoration project, which will protect more than 1,100 properties currently at risk of flood damage during heavy rains, involves the construction of a 4,500-foot long open waterway from the 16th Street Detention Basin to Comiskey Park. The project required the deconstruction of 65 residential and 10 commercial structures. Construction of the first phase, completed in the fall of 2011, involved the excavation and handling of approximately 265,000 cubic yards of soil. It also included the dredging of the 16th Street Detention Basin, the construction of two bridges, the reconstruction of the Couler Valley sanitary sewer interceptor, and water main improvements along 14th Street and along 16th Street. Construction of the next phase of the project is scheduled to begin in early 2012. The entire \$52 million Bee Branch Creek Restoration Project is scheduled to be complete in the spring of 2013. In the fall of 2010, the City was awarded a \$3.96 million I-JOBS grant from the State of Iowa for the project. In March of 2011 the City was awarded a \$2,250,000 Vision Iowa RECAT grant and a forgivable loan in the

amount of \$4.4 million through the State Revolving Loan Fund Program administered by the Iowa Department of Natural Resources. In the fall of 2011, the Federal Highway Administration awarded a \$1 million grant for the project. And finally, a \$100,000 grant was awarded through the State Recreational Trail grant program. The City was also able to raise \$120,000 for the project as part of the America's River III fundraising campaign. The remainder of the project will be funded using general obligation bonds and state revolving loan funds to be repaid with revenue generated through the City's monthly storm water utility fee. The project serves as a storm water facility and also a regional park and recreation attraction for citizens and visitors.

Beginning in 2006, the Dubuque City Council identified becoming a more sustainable city as one of its top priorities. Since then, many initiatives have been underway to make Dubuque a more sustainable community. The City continues to implement projects that will help it achieve the Council's goal. These include adoption of the Unified Development Code, establishment of a City Green Team, holding the annual Growing Sustainable Communities Conference, completion of a Green House Gas Inventory for City operations and facilities and a variety of neighborhood-based green initiatives. The Iowa League of Cities named Dubuque as an All-Star Community in the Sustainability category in both 2010 and 2011.

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

A groundbreaking ceremony was held in October 2010 for a major renovation of the City's water pollution control plant (WPCP), renamed the Water and Resources Recovery Center (W&RRC). Construction of the new W&RRC facilities requires four major components: four anaerobic digesters (each approximately 70 feet in diameter and 30 feet tall) and a central control building; conversion from chlorine disinfection to ultra violet light; modification of existing structures for flow equalization; and overall upgrades and repairs. A small structure will also be constructed off-site to temporarily store bio-solids before they are transported to an off-site storage facility and ultimately applied to agricultural land. The project is estimated to cost \$64 million and is expected to be completed by December 2013. The project is being funded by state revolving loan funds repaid with sanitary sewer user fees.

The City of Dubuque's Parking Division opened the new 477-space, seven-level ramp at 10th Street and Central Avenue in the summer of 2011. The project also includes the addition of three truck bays to the adjacent Fire Department headquarters. The ramp which appears on the CAFR cover this year and was funded with a \$1.5 million grant from the U.S. Department of Commerce Economic Development Administration and the sale of urban renewal general obligation bonds to be repaid with tax increment financing receipts.

**For the Future.** The Mayor and City Council will continue to take action to achieve their goals of maintaining a strong local economy, sustaining stable property tax levies, and enhancing the safety and security of citizens through neighborhood vitality. The City staff will work to implement the City Council's vision that Dubuque is a "Masterpiece on the Mississippi." A program of comprehensive service reviews has continued as a vehicle for analyzing City services, identifying opportunities for improvement, and determining areas of possible cost reductions. The goal of the service review program is to ensure that services desired by the citizens are provided in the most cost effective and efficient method possible. The City Council's goals for the next five years and beyond include the following:

- Economic Prosperity
- Environmental Integrity
- Social/Cultural Vibrancy
- Planned and Managed Growth
- Partnering for a Better Dubuque
- Improved Connectivity: Transportation and Telecommunications

## FINANCIAL INFORMATION

**Internal Controls.** City management is responsible for establishing and maintaining internal controls to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Single Audit.** As a recipient of federal and state financial assistance, the City of Dubuque's government is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws, regulations, contracts, and grants related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the City's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal programs, as well as to determine that the government has complied with applicable laws, regulations, contracts, and grants. The results of the government's single audit for the fiscal year ended June 30, 2011, provided no instances of material weaknesses in internal control over compliance, or significant violations of

applicable laws, regulations, contracts, and grants. Additional information is provided in the Schedule of Findings and Questioned Costs.

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

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

**Cash Management.** Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, federal agency obligations, and authorized mutual funds. The City (including DMSWA) received cash basis investment earnings of \$757,409 for the year.

The investment policy adopted by the City Council stresses the importance of capital preservation. The policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio.

**Risk Management.** The City of Dubuque is a member of a statewide risk pool for local governments, the Iowa Communities Assurance Pool (ICAP). The coverage for general and auto liability, as well as public official and police professional liability are acquired through this pool. Worker's compensation coverage up to \$500,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims reflected a \$953,653 deficit as of June 30, 2011. Provision for a large number of claims were accrued at fiscal year end with funds to cover payment available in next fiscal year. The City has also established a self-insurance plan for medical, prescription drug, and short-term disability. The accumulated reserve provision for such claims equaled \$996,972 as of June 30, 2011. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

**Bond Rating.** The rating for the City's outstanding general obligation bonded debt was upgraded by Moody's Investors Service to Aa1 from a previous rating of Aa2 in August 2010. This upgrade was due in part to Moody's Investors Service recalibrating municipal ratings to a global scale. Series 2010 A, B and C bond ratings continued at Aa1 which reflects the City's role as dominant regional service and retail provider in northeast Iowa; satisfactory reserves enhanced by revenue raising flexibility; and a manageable debt position given the support of non-levy revenue sources that offset annual debt service payments.

## **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, 2010. This was the 23<sup>rd</sup> 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, 2011. In addition, we received the award for the fiscal year ending June 30, 2012. 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 6<sup>th</sup> consecutive year that the City has achieved this prestigious award. This award is valid for a period of one year.

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

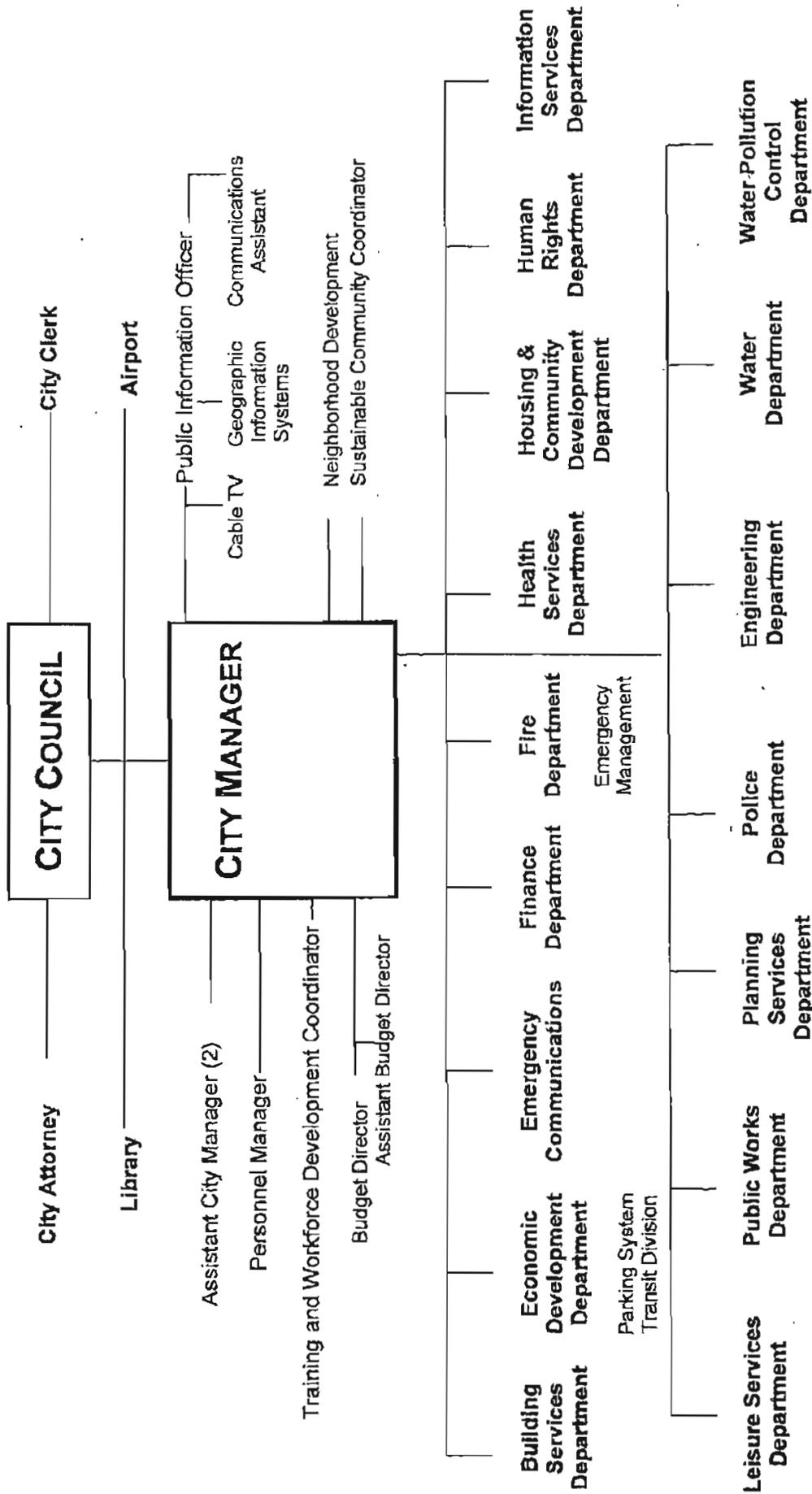
**Acknowledgments.** The preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We also thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City of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

Sincerely,

Michael C. Van Milligen  
City Manager

Kenneth J. TeKippe, CPA  
Finance Director

# CITY OF DUBUQUE ORGANIZATIONAL CHART



**CITY OF DUBUQUE, IOWA**  
**OFFICIALS**  
**JUNE 30, 2011**

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**CITY COUNCIL**

Roy D. Buol	Mayor
Richard W. Jones	Council Member – At Large
David T. Resnick	Council Member – At Large
Kevin J. Lynch	Council Member – 1 <sup>st</sup> Ward
Karla A. Braig	Council Member – 2 <sup>nd</sup> Ward
Joyce E. Connors	Council Member – 3 <sup>rd</sup> Ward
Dirk N. Voetberg	Council Member – 4 <sup>th</sup> Ward

**COUNCIL APPOINTED OFFICIALS**

Michael C. Van Milligen	City Manager
Barry A. Lindahl	City Attorney
Crenna M. Brumwell-Sahrn	Assistant City Attorney
James A. O'Brien	Assistant City Attorney
Jeanne F. Schneider	City Clerk

**DEPARTMENT MANAGERS**

Robert A. Grierson	Airport Manager
Therese H. Goodmann	Assistant City Manager
Cynthia M. Steinhauser	Assistant City Manager
Jenny M. Larson	Budget Director
Richard R. Russell	Building Services Manager
David J. Heiar	Economic Development Director
Kenneth J. TeKippe	Finance Director
E. Daniel Brown	Fire Chief
Mary Rose Corrigan	Health Services Manager
David W. Harris, Jr.	Housing and Community Development Manager
Kelly R. Larson	Human Rights Director
Randall K. Peck	Personnel Manager
Christine A. Kohlmann	Information Services Manager
Marie L. Ware	Leisure Services Manager
Susan A. Henricks	Library Director
Donald J. Vogt	Public Works Director
Laura B. Carstens	Planning Services Manager
Mark M. Dalsing	Police Chief
Gus N. Psihoyos	Public Works Director
Robert M. Green	Water Department Manager
Jonathan R. Brown	Water Pollution Control Plant Manager

# 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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Sandson*

President

*Jeffrey R. Egan*

Executive Director



**Financial Section**  
**June 30, 2011**

**City of Dubuque, Iowa**





## Independent Auditor's Report

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

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Dubuque, Iowa. 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 (a discretely presented component unit), which represents 80 percent, 61 percent, and 74 percent, respectively of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dubuque Initiatives and Subsidiaries, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Dubuque Initiatives and Subsidiaries, a discretely presented component unit, were not audited in accordance *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for the retiree benefit plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

*Eide Bailly LLP*

Dubuque, Iowa  
January 19, 2012

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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This section of the City of Dubuque's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2011. 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 assets of the City of Dubuque exceeded its liabilities at the close of the fiscal year by \$486,787,134 (net assets). This was an increase of \$26,237,328 over net assets at June 30, 2010, primarily due to additions in buildings and infrastructure.
- Unrestricted net assets for governmental activities are negative \$4,891,381 due to TIF debt for the Port of Dubuque parking facility residing in governmental activities.
- The revenues of the general fund exceeded expenditures by \$2,089,962.
- The ending general fund balance was \$15,912,427.
- Within the City's business-type activities, revenues exceeded expenses and transfers by \$1,908,955.
- For the year, the revenues of the City's governmental activities exceeded expenses and transfers by \$24,328,373.
- The City's debt increased by \$37,857,517 due to issuance of new debt exceeding principal payments.

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

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

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

The government-wide financial statements are divided into two categories:

***Governmental activities.*** This category consists of services provided by the City that are principally supported by taxes and intergovernmental revenues. Basic City services such as police, fire, public works, planning, parks, library, and general administration are governmental activities.

***Business-type activities.*** These activities are supported primarily by user fees. The services provided by the City in this category include water, sewer, storm water, refuse, salt, parking, transit and the America's River Project.

#### **Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with legal requirements for financial transactions and reporting. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances are followed by a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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The City maintains five 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, employee benefits fund, street construction fund, community development fund, and general construction fund, all of which are considered to be major funds. Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budget and actual results of the City and the funding progress for the retiree benefit plan.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds, as well as an individual agency fund statement, are presented immediately following the required supplementary information.

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

*Net assets.* As noted earlier, net assets may serve as a useful indicator of a government's financial position when observed over time. In the case of the City, assets exceeded liabilities by \$486,787,134 at the close of the most recent fiscal year.

The largest part of the City's net assets (95%) reflects its investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to the citizens and are not available for future spending.

**CITY OF DUBUQUE'S NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 81,209,017	\$ 73,454,790	\$ 23,201,501	\$ 24,755,782	\$ 104,410,518	\$ 98,210,572
Capital assets	<u>357,667,559</u>	<u>335,569,658</u>	<u>194,460,412</u>	<u>148,392,552</u>	<u>552,127,971</u>	<u>483,962,210</u>
Total assets	<u>438,876,576</u>	<u>409,024,448</u>	<u>217,661,913</u>	<u>173,148,334</u>	<u>656,538,489</u>	<u>582,172,782</u>
Long-term liabilities	62,478,404	57,954,405	68,252,575	34,465,063	130,730,979	92,419,468
Other liabilities	<u>28,135,109</u>	<u>27,135,353</u>	<u>10,885,267</u>	<u>2,068,155</u>	<u>39,020,376</u>	<u>29,203,508</u>
Total liabilities	<u>90,613,513</u>	<u>85,089,758</u>	<u>79,137,842</u>	<u>36,533,218</u>	<u>169,751,355</u>	<u>121,622,976</u>
Net assets:						
Invested in capital assets, net of related debt	329,416,245	309,126,684	135,026,753	124,805,513	464,442,998	433,932,197
Restricted	23,738,199	26,064,318	893,519	129,642	24,631,718	26,193,960
Unrestricted	<u>(4,891,381)</u>	<u>(11,256,312)</u>	<u>2,603,799</u>	<u>11,679,961</u>	<u>(2,287,582)</u>	<u>423,649</u>
Total net assets	<u>\$ 348,263,063</u>	<u>\$ 323,934,690</u>	<u>\$ 138,524,071</u>	<u>\$ 136,615,116</u>	<u>\$ 486,787,134</u>	<u>\$ 460,549,806</u>

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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A portion of the City's net assets (5.1%) represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal year 2011 the City has negative total unrestricted net assets. For fiscal year 2011, the City is able to report positive balances in total net assets, both for the government as a whole and business-type activity. The deficit balance reported is in the governmental activities unrestricted category. This is due to TIF debt for the Port of Dubuque parking facility residing in governmental activities. The City also has unfunded OPEB liability and accrued employee absences that would not have corresponding offsetting assets.

***Governmental activities.*** The Governmental activities increased in the net assets by \$24,328,373 in 2011. Taxes are the largest source of governmental revenues with property taxes of \$28,249,114 in 2011. Other governmental revenues included gaming of \$13,327,223, local option sales taxes of \$7,929,761 and \$12,549,651 of charges for services. Governmental expenses during 2011 totaled \$79,960,067. The largest programs were public safety of \$23,759,068, public works of \$18,978,423, community and economic development of \$12,890,841 and culture and recreation of \$10,911,733.

***Business-type activities.*** Business-type activities increased net assets by \$1,908,955 in fiscal year 2011 compared to the 2010 increase of \$3,050,548.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**CITY OF DUBUQUE'S**  
**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 12,549,651	\$ 11,000,413	\$ 22,075,091	\$ 19,075,850	\$ 34,624,742	\$ 30,076,263
Operating grants and contributions	14,204,627	20,830,113	2,773,933	1,652,277	16,978,560	22,482,390
Capital grants and contributions	23,482,866	10,748,522	6,536,527	3,800,582	30,019,393	14,549,104
<b>General revenues</b>						
Property taxes	28,249,114	24,876,073	-	-	28,249,114	24,876,073
Local option sales tax	7,929,761	8,112,471	-	-	7,929,761	8,112,471
Hotel/motel tax	1,826,809	1,678,806	-	-	1,826,809	1,678,806
Utility franchise fees	2,488,858	1,591,712	-	-	2,488,858	1,591,712
Gaming	13,327,223	8,209,761	-	-	13,327,223	8,209,761
Unrestricted investment earnings	668,363	1,339,709	184,581	294,562	852,944	1,634,271
Gain on sale of capital assets	149,937	-	19,337	23,699	169,274	23,699
Other	622,494	880,930	-	-	622,494	880,930
<b>Total revenues</b>	<b>105,499,703</b>	<b>89,268,510</b>	<b>31,589,469</b>	<b>24,846,970</b>	<b>137,089,172</b>	<b>114,115,480</b>
<b>Expenses:</b>						
Public safety	23,759,068	22,067,988	-	-	23,759,068	22,067,988
Public works	18,978,423	22,121,629	-	-	18,978,423	22,121,629
Health and social services	1,072,347	852,099	-	-	1,072,347	852,099
Culture and recreation	10,911,733	11,446,084	-	-	10,911,733	11,446,084
Community and economic development	12,890,841	15,422,099	-	-	12,890,841	15,422,099
General government	9,052,704	7,963,016	-	-	9,052,704	7,963,016
Interest on long-term debt	3,294,951	3,101,897	-	-	3,294,951	3,101,897
Sewage disposal works	-	-	7,899,011	6,631,326	7,899,011	6,631,326
Water utility	-	-	6,523,993	6,093,827	6,523,993	6,093,827
Stormwater utility	-	-	2,811,321	2,213,144	2,811,321	2,213,144
Parking facilities	-	-	4,775,834	4,003,776	4,775,834	4,003,776
America's River Project	-	-	180,086	423,158	180,086	423,158
Refuse collection	-	-	2,828,891	2,703,887	2,828,891	2,703,887
Transit system	-	-	2,947,958	2,832,066	2,947,958	2,832,066
Salt	-	-	671,647	-	671,647	-
<b>Total expenses</b>	<b>79,960,067</b>	<b>82,974,812</b>	<b>28,638,741</b>	<b>24,901,184</b>	<b>108,598,808</b>	<b>107,875,996</b>
<b>Increase (decrease) in net assets</b>						
before extraordinary item and transfers	25,539,636	6,293,698	2,950,728	(54,214)	28,490,164	6,239,484
Extraordinary item	-	-	(2,253,036)	-	(2,253,036)	-
Transfers	(1,211,263)	(3,104,762)	1,211,263	3,104,762	-	-
<b>Increase (decrease) in net assets</b>	<b>24,328,373</b>	<b>3,188,936</b>	<b>1,908,955</b>	<b>3,050,548</b>	<b>26,237,328</b>	<b>6,239,484</b>
Net assets, beginning	323,934,690	320,745,754	136,615,116	133,564,568	460,549,806	454,310,322
<b>Net assets, ending</b>	<b>\$ 348,263,063</b>	<b>\$ 323,934,690</b>	<b>\$ 138,524,071</b>	<b>\$ 136,615,116</b>	<b>\$ 486,787,134</b>	<b>\$ 460,549,806</b>

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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***Governmental funds.*** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported a combined fund balance of \$49,069,411 at June 30, 2011. \$11,119,524 is in non spendable for inventory, receivables, and prepaid items. \$69,412 is non spendable endowment corpus. \$18,010,570 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 \$5,203,472 for capital improvements. \$8,904,490 is assigned for capital improvements and equipment. This leaves \$5,761,943 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 \$2,089,962 to \$15,912,427 due to an increase in gaming revenue.

The fund balance of special revenue fund Employee Benefits increased by \$8,920 to \$45,067.

The fund balance of special revenue fund Community Development decreased by \$359,427 to \$12,094,910 due to timing issues relative to grant revenue and related expenditures.

The fund balance of the capital projects fund Street Construction increased by \$777,798 to \$3,472,138 due to transfers from other funds and the timing of budgeted capital expenditures.

The fund balance of the capital projects fund General Construction increased by \$4,690,044 to \$8,778,753 due to transfers from other funds and the timing of budgeted capital expenditures.

***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 assets of the enterprise funds at June 30, 2011, totaled \$138,524,071 of which \$2,603,799 is unrestricted. The net assets of the internal service funds decreased by \$958,003 for a fund balance of \$179,800, due to increased employee health insurance claims and workers compensation claims. The unrestricted net assets of the internal service funds are \$140,777 (78.3%).

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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The sewerage disposal works had a decrease in net assets of \$3,241,576 for total net assets of \$39,483,810 at June 30, 2011 primarily due to increase in liabilities for the construction of the new water pollution control plant, and the sewer funds share of the debt service cost for the water meter replacement project. The fund also experienced an extraordinary loss of \$2,253,036 due to mercury cleanup activities.

The water utility had a decrease in net assets of \$134,982 primarily due to a decrease in inventory in 2011 for total net assets of \$24,188,379. The storm water utility had an increase in net assets of \$4,283,833 mainly due to increase in construction projects and acquisition of land for the Bee Branch Project.

The parking facilities had a decrease in net assets of \$801,025 due to the spend down of bond proceeds for the Central Avenue parking ramp. The America's River Project had a decrease in net assets of \$155,897 primarily due to restoration work on the Shot Tower Restoration project that was not capitalized.

**BUDGETARY HIGHLIGHTS**

There were three amendments to the City's 2010-2011 cash basis budget. The first amendment was passed July 2010 reflecting changes in staff for the City's library staff. The second amendment was passed in September 2010 to reflect operating and capital budget carryovers (continuing appropriation authority) from 2010 and amended the FY 2011 budget for operating and capital City Council actions since the beginning of the fiscal year. The third budget amendment was passed in April 2011 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 \$53,722,407. 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 \$119,855,128 from the original budget. The increase was primarily attributable to purchase order encumbrances carryover, capital projects and operating carryovers from the prior year and expenditures associated with new grants received.

Actual cash basis revenues were \$55,669,239 less than the final amended budget, and cash basis expenditures were \$122,352,677 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**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, 2011, amounts to \$552,127,971 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. Additional information on the City's assets can be found in the note 6 to the financial statements in this report.

**CAPITAL ASSETS (net of accumulated depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 65,444,288	\$ 58,772,516	\$ 17,028,167	\$ 13,487,195	\$ 82,472,455	\$ 72,259,711
Buildings	125,774,456	113,435,724	85,942,961	85,822,990	211,717,417	199,258,714
Improvements other than buildings	16,648,148	15,535,320	70,117,869	68,523,151	86,766,017	84,058,471
Machinery and equipment	35,616,512	32,454,175	64,510,585	56,277,467	100,127,097	88,731,642
Infrastructure	197,987,110	192,517,528	-	-	197,987,110	192,517,528
Construction in progress	18,874,510	17,586,988	42,610,599	6,509,164	61,485,109	24,096,152
Accumulated depreciation	(102,677,465)	(94,732,593)	(85,749,769)	(82,227,415)	(188,427,234)	(176,960,008)
	<u>\$357,667,559</u>	<u>\$335,569,658</u>	<u>\$194,460,412</u>	<u>\$148,392,552</u>	<u>\$552,127,971</u>	<u>\$483,962,210</u>

Major expenditures during 2010-2011 were for the construction work on the Water and Resource Recovery Center plant, Bee Branch storm water projects, construction of new parking ramp, water meter replacement project, Millwork District projects, and Southwest Arterial.

*Long-term debt.* At year end the City had \$125,262,439 of debt outstanding. This is an increase of \$37,857,517 from June 30, 2010. New debt issued during the current year included general obligation bonds for \$9,970,000 for costs of improvements and extensions to the municipal sanitary sewer and storm water drainage systems; equipping the sanitation and road departments; improving the City airport grounds and facilities; the acquisition of land and other costs associated with the Bee Branch storm water project; rehabilitation and improvement of city parks; construction; reconstruction and repair of sidewalks; improvement and installation of street lighting fixtures; connections and facilities; street improvements, including installation of fiber optic conduit; to current refund \$690,000 of outstanding General Obligation Bonds, Series 2002B, and the costs of aiding in planning, undertaking and carrying out urban renewal activities for the Greater Downtown Urban Renewal Area. The City's bond rating for these issues was Aa1. \$5,700,000 Water Revenue Bonds were issued to pay costs of constructing and equipping improvements and extensions to the municipal water system. The City's bond rating for this revenue bond issues was Aa2.

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011**

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The City also received disbursements from the State Revolving Fund construction loan program of \$24,316,437, of which \$389,000 is planning and design loan for the Upper Bee Branch storm water project. \$4,658,085 is construction loan funds for storm water projects, \$13,680,921 is construction loan for sanitary sewer, and \$5,588,430 construction loan fund for the City's water meter replacement project. The City also received a \$360,700 TIF loan from Premier Bank for conversion of warehouse property at 44 Main St. into residential apartments, and \$2,850,000 loan from US Bank for the construction of two bridges which are part of the Lower Bee Branch storm water project.

The City continues to operate well under the State debt capacity limitations. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Thus our debt capacity is \$174,333,061. With \$92,443,077 of debt applicable against the capacity, we are utilizing 53.03% of this limit. Additional information on the City's long-term debt can be found in note 7 of this report.

**ECONOMIC FACTORS**

The City's unemployment rate ended the fiscal year at 5.8%, a 0.9% decrease from the prior year, and lower than both the State of Iowa's 6% rate and 9.1% national rate.

The assessed valuation of taxable property, net of exemptions, increased by 6.7% to \$2,159,622,000. In fiscal year 2011, the minimum monthly refuse rate increased \$0.74 to \$11.09, sewer rates increased 11%, water rates increased 3.9%, and the storm water monthly fee increased \$1.25 to \$5.25 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 13<sup>th</sup> Street, Dubuque, Iowa 52001-4864.

**Basic Financial Statements**  
**June 30, 2011**  
**City of Dubuque, Iowa**

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	Primary Government			Component Units	
	Governmental	Business-type	Total	Dubuque	Dubuque
	Activities	Activities		Metropolitan	Initiatives
			Area Solid	and	
			Waste Agency	Subsidiaries	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and pooled cash investments	\$ 34,508,750	\$ 13,314,647	\$ 47,823,397	\$ 6,339,019	\$ 2,788,705
Receivables					
Property tax					
Delinquent	421,936	-	421,936	-	-
Succeeding year	21,277,242	-	21,277,242	-	-
Accounts and other	2,267,186	2,260,687	4,527,873	284,961	9,203
Special assessments	560,485	-	560,485	-	-
Accrued interest	166,883	28,088	194,971	10,780	46,336
Notes	528,909	-	528,909	-	33,146
Intergovernmental	7,792,525	5,765,750	13,558,275	-	-
Internal balances	217,159	(217,159)	-	-	-
Inventories	961,475	447,636	1,409,111	-	530,251
Prepaid items	152,192	708,333	860,525	27,151	-
Restricted cash	-	-	-	-	285,852
Total Current Assets	<u>68,854,742</u>	<u>22,307,982</u>	<u>91,162,724</u>	<u>6,661,911</u>	<u>3,693,493</u>
<b>NONCURRENT ASSETS</b>					
Temporarily restricted cash and pooled cash investments	2,269,547	893,519	3,163,066	4,170,367	1,026,840
Permanently restricted cash and pooled cash investments	69,412	-	69,412	-	-
Notes receivable	10,015,316	-	10,015,316	-	13,981,135
Capital assets					
Land	65,444,288	17,028,167	82,472,455	1,586,092	131,983
Buildings	125,774,456	85,942,961	211,717,417	65,922	43,298,369
Improvements other than buildings	16,648,148	70,117,869	86,766,017	6,364,906	32,816
Machinery and equipment	35,616,512	64,510,585	100,127,097	3,801,218	-
Infrastructure	197,987,110	-	197,987,110	-	-
Construction in progress	18,874,510	42,610,599	61,485,109	-	-
Accumulated depreciation	(102,677,465)	(85,749,769)	(188,427,234)	(7,378,648)	(1,399,702)
Total Noncurrent Assets	<u>370,021,834</u>	<u>195,353,931</u>	<u>565,375,765</u>	<u>8,609,857</u>	<u>57,071,441</u>
Total Assets	<u>438,876,576</u>	<u>217,661,913</u>	<u>656,538,489</u>	<u>15,271,768</u>	<u>60,764,934</u>

EXHIBIT 1

	Primary Government			Component Units	
	Governmental	Business-type	Total	Dubuque Metropolitan	Dubuque Initiatives
	Activities	Activities		Area Solid Waste Agency	and Subsidiaries
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 4,758,217	\$ 10,353,530	\$ 15,111,747	\$ 149,458	\$ 1,318,008
Accrued payroll	1,484,041	324,483	1,808,524	37,700	-
Loans payable	47,143	970,874	1,018,017	-	450,000
Notes payable	183,690	1,220,859	1,404,549	-	11,225,935
General obligation bonds payable	2,270,259	1,439,741	3,710,000	-	-
Revenue bonds payable	-	255,000	255,000	-	-
Tax increment financing bonds payable	778,939	-	778,939	-	-
Accrued compensated absences	2,746,993	386,070	3,133,063	124,573	-
Accrued interest payable	249,461	207,434	456,895	-	145,781
Intergovernmental payable	58,958	-	58,958	62,886	-
Unearned revenue					
Succeeding year property tax	21,277,242	-	21,277,242	-	-
Other	307,190	-	307,190	-	-
Total Current Liabilities	<u>34,162,133</u>	<u>15,157,991</u>	<u>49,320,124</u>	<u>374,617</u>	<u>13,139,724</u>
<b>NONCURRENT LIABILITIES</b>					
Loans payable	235,714	1,281,235	1,516,949	-	-
Notes payable	1,747,659	31,944,550	33,692,209	-	30,512,102
General obligation bonds payable	30,290,789	23,814,911	54,105,700	-	-
Revenue bonds payable	-	6,522,793	6,522,793	-	-
Landfill closure and postclosure care	-	-	-	3,839,008	-
Tax increment financing bonds payable	22,258,283	-	22,258,283	-	-
Net OPEB liability	1,918,935	416,362	2,335,297	40,865	-
Total Noncurrent Liabilities	<u>56,451,380</u>	<u>63,979,851</u>	<u>120,431,231</u>	<u>3,879,873</u>	<u>30,512,102</u>
Total Liabilities	<u>90,613,513</u>	<u>79,137,842</u>	<u>169,751,355</u>	<u>4,254,490</u>	<u>43,651,826</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	329,416,245	135,026,753	464,442,998	4,439,489	325,429
Restricted for/by:					
Bond ordinance/development agreement	2,198,962	893,519	3,092,481	-	-
Debt service	115,608	-	115,608	-	-
Employee benefits	45,067	-	45,067	-	-
Community development	13,603,530	-	13,603,530	-	-
Iowa Finance Authority trust	410,980	-	410,980	-	-
Capital projects	6,678,409	-	6,678,409	-	-
Franchise agreement	320,356	-	320,356	-	-
Endowments, expendable	52,322	-	52,322	-	-
Endowments, nonexpendable	69,412	-	69,412	-	-
Other	243,553	-	243,553	-	-
State statute	-	-	-	260,294	-
Minority interest	-	-	-	1,434,071	-
Unrestricted	(4,891,381)	2,603,799	(2,287,582)	4,883,424	16,787,679
Total Net Assets	<u>\$ 348,263,063</u>	<u>\$ 138,524,071</u>	<u>\$ 486,787,134</u>	<u>\$ 11,017,278</u>	<u>\$ 17,113,108</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF ACTIVITIES**  
**FOR YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities				
Public safety	\$ 23,759,068	\$ 2,579,573	\$ 732,549	\$ -
Public works	18,978,423	5,331,667	5,586,000	12,417,024
Health and social services	1,072,347	111,532	46,199	-
Culture and recreation	10,911,733	2,108,177	298,180	9,279,098
Community and economic development	12,890,841	553,031	7,478,448	947,744
General government	9,052,704	1,865,671	35,653	839,000
Interest on long-term debt	3,294,951	-	27,598	-
Total governmental activities	<u>79,960,067</u>	<u>12,549,651</u>	<u>14,204,627</u>	<u>23,482,866</u>
Business-type activities				
Sewage disposal works	7,899,011	6,643,974	6,605	31,712
Water utility	6,523,993	5,638,277	1,810	702,545
Stormwater utility	2,811,321	2,993,539	86,112	4,219,750
Parking facilities	4,775,834	2,750,610	238,794	1,568,333
America's River Project	180,086	-	-	-
Refuse collection	2,828,891	3,082,197	-	14,187
Transit system	2,947,958	193,236	2,440,612	-
Salt	671,647	773,258	-	-
Total business-type activities	<u>28,638,741</u>	<u>22,075,091</u>	<u>2,773,933</u>	<u>6,536,527</u>
Total primary government	<u>\$ 108,598,808</u>	<u>\$ 34,624,742</u>	<u>\$ 16,978,560</u>	<u>\$ 30,019,393</u>
<b>Component units</b>				
Dubuque Metropolitan Area Solid Waste Agency	\$ 3,587,054	\$ 3,416,513	\$ 29,962	\$ 34,375
Dubuque Initiatives and Subsidiaries	5,423,772	8,619,347	35,000	-
Total component units	<u>\$ 9,010,826</u>	<u>\$ 12,035,860</u>	<u>\$ 64,962</u>	<u>\$ 34,375</u>
<b>General revenues</b>				
Property taxes				
Local option sales tax				
Hotel/motel tax				
Utility franchise fees				
Gaming				
Unrestricted investment earnings				
Gain on disposal of capital assets				
Other				
Extraordinary item, mercury cleanup				
Transfers				
Total general revenues, extraordinary item and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, ending of year				

See notes to financial statements.

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries
\$ (20,446,946)	\$ -	\$ (20,446,946)	\$ -	\$ -
4,356,268	-	4,356,268	-	-
(914,616)	-	(914,616)	-	-
773,722	-	773,722	-	-
(3,911,618)	-	(3,911,618)	-	-
(6,312,380)	-	(6,312,380)	-	-
(3,267,353)	-	(3,267,353)	-	-
<u>(29,722,923)</u>	<u>-</u>	<u>(29,722,923)</u>	<u>-</u>	<u>-</u>
-	(1,216,720)	(1,216,720)	-	-
-	(181,361)	(181,361)	-	-
-	4,488,080	4,488,080	-	-
-	(218,097)	(218,097)	-	-
-	(180,086)	(180,086)	-	-
-	267,493	267,493	-	-
-	(314,110)	(314,110)	-	-
-	101,611	101,611	-	-
-	<u>2,746,810</u>	<u>2,746,810</u>	-	-
<u>(29,722,923)</u>	<u>2,746,810</u>	<u>(26,976,113)</u>	-	-
-	-	-	(106,204)	-
-	-	-	-	<u>3,230,575</u>
-	-	-	(106,204)	<u>3,230,575</u>
28,249,114	-	28,249,114	-	-
7,929,761	-	7,929,761	-	-
1,826,809	-	1,826,809	-	-
2,488,858	-	2,488,858	-	-
13,327,223	-	13,327,223	-	-
668,363	184,581	852,944	45,469	1,150,009
149,937	19,337	169,274	-	-
622,494	-	622,494	-	-
-	(2,253,036)	(2,253,036)	-	-
<u>(1,211,263)</u>	<u>1,211,263</u>	<u>-</u>	<u>-</u>	<u>-</u>
54,051,296	(837,853)	53,213,441	45,469	1,150,009
24,328,373	1,908,955	26,237,328	(60,735)	4,380,584
323,934,690	136,615,116	460,549,806	11,078,013	12,732,524
<u>\$ 348,263,063</u>	<u>\$ 138,524,071</u>	<u>\$ 486,787,134</u>	<u>\$ 11,017,278</u>	<u>\$ 17,113,108</u>

**CITY OF DUBUQUE, IOWA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	Special Revenue			Capital Projects		Other	Total
	General	Employee Benefits	Community Development	Street Construction	General Construction	Governmental Funds	
<b>ASSETS</b>							
Cash and pooled cash investments	\$ 14,435,875	\$ -	\$ 1,880,154	\$ 3,616,674	\$ 7,668,610	\$ 5,733,109	\$ 33,334,422
Receivables							
Property tax							
Delinquent	363,499	47,299	-	-	-	11,138	421,936
Succeeding year	17,196,824	3,561,388	-	-	-	519,030	21,277,242
Accounts and other	1,914,957	-	-	-	-	169,395	2,084,352
Special assessments	-	-	-	-	-	560,485	560,485
Accrued interest	62,881	-	34,966	11,373	1,107	53,089	163,416
Notes	220,276	-	10,097,359	-	226,000	590	10,544,225
Intergovernmental	1,811,894	-	119,805	2,670,625	1,538,559	1,651,642	7,792,525
Due from other funds	107,173	-	-	-	-	-	107,173
Inventories	448,528	-	-	-	-	442,097	890,625
Advances to other funds	109,986	-	-	-	-	-	109,986
Prepaid items	89,841	-	13,756	-	-	-	103,597
Restricted cash and pooled cash investments	-	-	-	-	-	2,338,959	2,338,959
<b>Total Assets</b>	<b>\$ 36,761,734</b>	<b>\$ 3,608,687</b>	<b>\$ 12,146,040</b>	<b>\$ 6,298,672</b>	<b>\$ 9,434,276</b>	<b>\$ 11,479,534</b>	<b>\$ 79,728,943</b>

	Special Revenue			Capital Projects		Other	Total
	General	Employee Benefits	Community Development	Street Construction	General Construction	Governmental Funds	
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 1,286,139	\$ -	\$ 19,760	\$ 782,243	\$ 520,621	\$ 868,878	\$ 3,477,641
Accrued payroll	1,274,783	-	30,193	-	-	120,344	1,425,320
Intergovernmental payable	-	-	-	-	-	58,958	58,958
Deferred revenue							
Succeeding year property tax	17,196,824	3,561,388	-	-	-	519,030	21,277,242
Other	1,091,561	2,232	1,177	2,044,291	134,902	1,146,208	4,420,371
Total Liabilities	20,849,307	3,563,620	51,130	2,826,534	655,523	2,713,418	30,659,532
<b>FUND BALANCES</b>							
<b>Nonspendable</b>							
Endowment corpus	-	-	-	-	-	69,412	69,412
Inventory	448,528	-	-	-	-	442,097	890,625
Long-term notes receivable	220,276	-	9,584,338	-	210,617	85	10,015,316
Prepaid items	89,841	-	13,756	-	-	-	103,597
Advances to other funds	109,986	-	-	-	-	-	109,986
<b>Restricted</b>							
Endowments	-	-	-	-	-	52,322	52,322
Library	-	-	-	-	-	205,513	205,513
Debt service	-	-	-	-	-	115,608	115,608
Bond ordinance	-	-	-	-	-	2,198,962	2,198,962
Capital improvements	-	-	-	-	8,568,136	2,030,150	10,618,286
Franchise agreement	-	-	-	-	-	320,356	320,356
Special assessments	-	-	-	-	-	29,920	29,920
Claims	-	-	-	-	-	8,120	8,120
Iowa Finance Authority trust	-	-	-	-	-	410,980	410,980
Community programs	-	-	2,496,816	-	-	1,508,620	4,005,436
Employee benefits	-	45,067	-	-	-	-	45,067
Committed, capital improvements	-	-	-	3,472,138	-	1,731,334	5,203,472
<b>Assigned</b>							
DRA gaming and distribution	7,287,001	-	-	-	-	-	7,287,001
Equipment and capital	1,617,489	-	-	-	-	-	1,617,489
Unassigned	6,139,306	-	-	-	-	(377,363)	5,761,943
Total Fund Balances	15,912,427	45,067	12,094,910	3,472,138	8,778,753	8,756,116	49,069,411
Total Liabilities and Fund Balances	\$ 36,761,734	\$ 3,608,687	\$ 12,146,040	\$ 6,298,672	\$ 9,434,276	\$ 11,479,534	\$ 79,728,943

See notes to financial statements

CITY OF DUBUQUE, IOWA  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2011

EXHIBIT 3-1

Total fund balances - governmental funds \$ 49,069,411

Amounts reported for the governmental activities in the statement of net assets 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	\$ 460,243,286	
Accumulated depreciation	<u>(102,614,750)</u>	
		357,628,536

Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. Those revenues consist of:

Property tax	24,284	
Special assessments	530,950	
Other	<u>3,557,947</u>	
		4,113,181

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 assets.

179,800

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	(32,561,048)	
Tax increment financing bonds	(23,037,222)	
Notes payable	(1,931,349)	
Loans payable	(282,857)	
Accrued interest	(249,461)	
Compensated absences	(2,746,993)	
Net OPEB liability	<u>(1,918,935)</u>	
		<u>(62,727,865)</u>

Net assets of governmental activities \$ 348,263,063

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, 2011**

	Special Revenue			Capital Projects		Other	Total
	General	Employee Benefits	Community Development	Street Construction	General Construction	Governmental Funds	
<b>REVENUES</b>							
Taxes	\$ 25,351,801	\$ 2,219,744	\$ -	\$ 2,378,928	\$ -	\$ 10,478,421	\$ 40,428,894
Special assessments	-	-	-	-	-	232,535	232,535
Licenses and permits	1,170,922	-	-	-	-	-	1,170,922
Intergovernmental	4,735,212	-	2,040,300	4,373,413	3,038,761	11,983,396	26,171,082
Charges for services	8,504,818	-	-	15,903	-	202,365	8,723,086
Fines and forfeits	454,117	-	-	-	-	-	454,117
Investment earnings	340,945	-	110,209	41,233	38,594	123,606	654,587
Contributions	1,087,893	-	-	1,340	-	208,388	1,297,621
Gaming	13,327,223	-	-	-	-	-	13,327,223
Miscellaneous	1,025,687	-	79,829	207,363	18	762,365	2,075,262
Total Revenues	<u>55,998,618</u>	<u>2,219,744</u>	<u>2,230,338</u>	<u>7,018,180</u>	<u>3,077,373</u>	<u>23,991,076</u>	<u>94,535,329</u>
<b>EXPENDITURES</b>							
Current							
Public safety	23,859,171	-	-	-	-	91,215	23,950,386
Public works	7,227,363	-	31,878	-	-	7,170,174	14,429,415
Health and social services	954,538	-	85,576	-	-	-	1,040,114
Culture and recreation	10,994,552	-	143,006	-	-	142,393	11,279,951
Community and economic development	2,578,196	-	2,828,715	-	-	6,954,265	12,361,176
General government	6,976,292	220	-	-	-	710,417	7,686,929
Debt service							
Principal	31,003	-	-	-	-	2,789,368	2,820,371
Interest and fiscal charges	17,371	-	-	-	-	3,303,786	3,321,157
Capital projects	-	-	-	6,968,265	4,258,065	3,876,563	15,102,893
Total Expenditures	<u>52,638,486</u>	<u>220</u>	<u>3,089,175</u>	<u>6,968,265</u>	<u>4,258,065</u>	<u>25,038,181</u>	<u>91,992,392</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>							
	<u>3,360,132</u>	<u>2,219,524</u>	<u>(858,837)</u>	<u>49,915</u>	<u>(1,180,692)</u>	<u>(1,047,105)</u>	<u>2,542,937</u>

EXHIBIT 4

	Special Revenue			Capital Projects		Other	Total
	General	Employee Benefits	Community Development	Street Construction	General Construction	Governmental Funds	
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,996,722	\$ 6,996,722
Discount on bonds	-	-	-	-	-	(39,547)	(39,547)
Premium on bonds	-	-	-	-	-	1,642	1,642
Issuance of refunding bonds	-	-	-	-	-	705,000	705,000
Refunded bonds redeemed	-	-	-	-	-	(690,000)	(690,000)
Transfers in	3,217,160	-	499,410	998,820	6,684,895	4,450,238	15,850,523
Transfers out	(4,612,843)	(2,210,604)	-	(298,593)	(1,441,799)	(10,398,053)	(18,961,892)
Insurance recovery	-	-	-	27,656	-	600,826	628,482
Sale of capital assets	125,513	-	-	-	627,640	-	753,153
Total Other Financing Sources (Uses)	<u>(1,270,170)</u>	<u>(2,210,604)</u>	<u>499,410</u>	<u>727,883</u>	<u>5,870,736</u>	<u>1,626,828</u>	<u>5,244,083</u>
<b>NET CHANGE IN FUND BALANCES</b>							
	2,089,962	8,920	(359,427)	777,798	4,690,044	579,723	7,787,020
<b>FUND BALANCES, BEGINNING</b>							
	13,822,465	36,147	12,454,337	2,694,340	4,088,709	8,186,393	41,282,391
<b>FUND BALANCES, ENDING</b>	<u>\$ 15,912,427</u>	<u>\$ 45,067</u>	<u>\$ 12,094,910</u>	<u>\$ 3,472,138</u>	<u>\$ 8,778,753</u>	<u>\$ 8,766,116</u>	<u>\$ 49,069,411</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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Net change in fund balances - total governmental funds \$ 7,787,020

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	\$ 19,627,892	
Transfers of capital assets from enterprise funds	1,225,374	
Transfers of capital assets to enterprise funds	(268)	
Contributions from developers and federal government	10,272,129	
Depreciation expense	<u>(8,413,751)</u>	
		22,711,376

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 assets differs from the change in fund balances by the book value of the asset being disposed. (603,216)

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

Property tax	(7,012)	
Special assessments	(16,930)	
Other	<u>(76,008)</u>	
		(99,950)

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

Issuance of debt	\$ (7,701,722)	
Discounts and premiums on bonds issued	37,905	
Debt repayments	<u>3,510,371</u>	(4,153,446)

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	15,145	
Amortization of bond discount/premium	11,061	
Increase in compensated absences	(29,360)	
Increase in net OPEB liability	<u>(352,254)</u>	(355,408)
Total additional expenses		

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

Change in net assets of governmental activities	<u>(958,003)</u>	
See notes to financial statements.	<u>\$24,328,373</u>	

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2011**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and pooled cash investments	\$ 4,479,975	\$ 3,557,570	\$ 1,961,275	\$ 1,816,540
Receivables				
Accounts	833,362	680,008	328,407	85,241
Accrued interest	12,922	7,538	2,901	-
Intergovernmental	1,195,656	-	2,464,533	344,656
Inventories	-	419,391	-	-
Prepaid items	-	708,333	-	-
Total Current Assets	<u>6,521,915</u>	<u>5,372,840</u>	<u>4,757,116</u>	<u>2,246,437</u>
<b>NONCURRENT ASSETS</b>				
Restricted cash and pooled cash investments	-	687,959	-	205,560
Advances to other funds	-	2,832,595	-	-
Capital assets				
Land	167,855	59,898	15,332,849	1,431,565
Buildings	31,598,780	8,242,543	-	44,214,074
Improvements other than buildings	36,179,987	761,957	30,779,278	2,396,647
Machinery and equipment	13,582,390	42,434,220	925,265	1,427,005
Construction in progress	22,629,667	113,695	11,603,098	8,181,467
Accumulated depreciation	<u>(40,717,927)</u>	<u>(21,099,776)</u>	<u>(9,134,964)</u>	<u>(9,556,458)</u>
Net Capital Assets	<u>63,440,752</u>	<u>30,512,537</u>	<u>49,505,526</u>	<u>48,094,300</u>
Total Noncurrent Assets	<u>63,440,752</u>	<u>34,033,091</u>	<u>49,505,526</u>	<u>48,299,860</u>
Total Assets	<u>69,962,667</u>	<u>39,405,931</u>	<u>54,262,642</u>	<u>50,546,297</u>

EXHIBIT 5

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ 24,194	\$ 1,475,093	\$ 13,314,647	\$ 1,174,328
-	333,669	2,260,687	182,834
119	4,608	28,088	3,467
-	1,760,905	5,765,750	-
-	28,245	447,636	70,850
-	-	708,333	48,595
<u>24,313</u>	<u>3,602,520</u>	<u>22,525,141</u>	<u>1,480,074</u>
-	-	893,519	-
-	-	<u>2,832,595</u>	-
-	36,000	17,028,167	-
-	1,887,564	85,942,961	-
-	-	70,117,869	-
-	6,141,705	64,510,585	101,738
-	82,672	42,610,599	-
-	<u>(5,240,644)</u>	<u>(85,749,769)</u>	<u>(62,715)</u>
-	<u>2,907,297</u>	<u>194,460,412</u>	<u>39,023</u>
-	<u>2,907,297</u>	<u>198,186,526</u>	<u>39,023</u>
<u>24,313</u>	<u>6,509,817</u>	<u>220,711,667</u>	<u>1,519,097</u>

(Continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2011**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 7,397,102	\$ 373,259	\$ 1,359,239	\$ 1,189,124
Accrued payroll	74,464	86,663	11,459	27,908
Loans payable - current	-	-	950,000	20,874
General obligation bonds payable	150,520	170,000	561,434	555,000
Revenue bonds payable	-	255,000	-	-
Capital loan notes payable	661,413	240,973	318,473	-
Accrued compensated absences	99,306	121,440	5,218	24,649
Accrued interest payable	54,003	40,959	62,048	50,244
Due to other funds	-	-	-	-
<b>Total Current Liabilities</b>	<u>8,436,808</u>	<u>1,288,294</u>	<u>3,267,871</u>	<u>1,867,799</u>
<b>NONCURRENT LIABILITIES</b>				
Advances from other funds	2,832,595	109,986	-	-
Loans payable	-	-	950,000	331,235
General obligation bonds payable	1,479,197	949,426	10,729,200	10,589,865
Revenue bonds payable	-	6,522,793	-	-
Capital loan notes payable	17,619,229	6,231,218	8,094,103	-
Net OPEB liability	111,028	115,835	22,214	38,861
<b>Total Noncurrent Liabilities</b>	<u>22,042,049</u>	<u>13,929,258</u>	<u>19,795,517</u>	<u>10,959,961</u>
<b>Total Liabilities</b>	<u>30,478,857</u>	<u>15,217,552</u>	<u>23,063,388</u>	<u>12,827,760</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	46,201,746	17,924,714	28,808,373	39,187,485
Restricted by bond ordinance/development agreement	-	687,959	-	205,560
Unrestricted	(6,717,936)	5,575,706	2,390,881	(1,674,508)
<b>Total Net Assets</b>	<u>\$ 39,483,810</u>	<u>\$ 24,188,379</u>	<u>\$ 31,199,254</u>	<u>\$ 37,718,537</u>

See notes to financial statements.

EXHIBIT 5  
(continued)

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ 985	\$ 33,821	\$ 10,353,530	\$ 1,280,576
-	123,989	324,483	58,721
-	-	970,874	-
-	2,787	1,439,741	-
-	-	255,000	-
-	-	1,220,859	-
-	135,457	386,070	-
-	180	207,434	-
-	107,173	107,173	-
<u>985</u>	<u>403,407</u>	<u>15,265,164</u>	<u>1,339,297</u>
-	-	2,942,581	-
-	-	1,281,235	-
-	67,223	23,814,911	-
-	-	6,522,793	-
-	-	31,944,550	-
-	128,424	416,362	-
-	195,647	66,922,432	-
<u>985</u>	<u>599,054</u>	<u>82,187,596</u>	<u>1,339,297</u>
-	2,904,435	135,026,753	39,023
-	-	893,519	-
<u>23,328</u>	<u>3,006,328</u>	<u>2,603,799</u>	<u>140,777</u>
<u>\$ 23,328</u>	<u>\$ 5,910,763</u>	<u>\$ 138,524,071</u>	<u>\$ 179,800</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 6,589,308	\$ 5,609,848	\$ 2,974,799	\$ 2,484,978
Other	54,666	28,429	18,740	265,632
Total Operating Revenues	<u>6,643,974</u>	<u>5,638,277</u>	<u>2,993,539</u>	<u>2,750,610</u>
<b>OPERATING EXPENSES</b>				
Employee expense	2,445,054	2,560,422	402,598	786,174
Utilities	693,127	614,513	2,893	201,564
Repairs and maintenance	280,422	155,183	12,912	158,853
Supplies and services	2,501,095	1,924,572	1,242,357	2,142,752
Insurance	108,435	60,806	18,850	46,886
Depreciation	3,343,385	863,151	421,709	898,473
Total Operating Expenses	<u>7,371,518</u>	<u>6,178,647</u>	<u>2,101,319</u>	<u>4,234,702</u>
OPERATING INCOME (LOSS)	<u>(727,544)</u>	<u>(540,370)</u>	<u>892,220</u>	<u>(1,484,092)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	-	527,195	3,806,299	1,583,960
Investment earnings	55,074	42,132	29,470	37,570
Contributions	6,505	1,810	67,874	92,439
Interest expense	(527,493)	(345,346)	(710,002)	(541,132)
Gain (loss) on disposal of assets	11,656	3,744	3,813	-
Net Nonoperating Revenues (Expenses)	<u>(454,158)</u>	<u>229,535</u>	<u>3,197,454</u>	<u>1,172,837</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, EXTRAORDINARY ITEMS AND TRANSFERS</b>				
	(1,181,702)	(310,835)	4,089,674	(311,255)
<b>CAPITAL CONTRIBUTIONS</b>				
EXTRAORDINARY ITEM, MERCURY CLEANUP	31,712	175,350	431,689	130,728
TRANSFERS IN	(2,253,036)	-	-	-
TRANSFERS OUT	194,905	79,763	231,030	167,383
	<u>(33,455)</u>	<u>(79,260)</u>	<u>(468,560)</u>	<u>(787,881)</u>
CHANGE IN NET ASSETS	(3,241,576)	(134,982)	4,283,833	(801,025)
NET ASSETS, BEGINNING	42,725,386	24,323,361	26,915,421	38,519,562
NET ASSETS, ENDING	<u>\$ 39,483,810</u>	<u>\$ 24,188,379</u>	<u>\$ 31,199,254</u>	<u>\$ 37,718,537</u>

See notes to financial statements.

EXHIBIT 6

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 4,029,987	\$ 21,688,920	\$ 9,896,375
-	18,704	386,171	22,207
-	4,048,691	22,075,091	9,918,582
8,756	3,163,634	9,366,638	9,237,227
-	70,902	1,582,999	23,637
-	569,807	1,177,177	24,001
171,330	2,198,550	10,180,656	2,240,486
-	64,154	299,131	29,751
-	375,410	3,902,128	10,259
180,086	6,442,457	26,508,729	11,565,361
(180,086)	(2,391,766)	(4,431,638)	(1,646,779)
-	2,454,799	8,372,253	-
349	19,986	184,581	13,776
-	-	168,728	-
-	(1,804)	(2,125,777)	-
-	(4,111)	15,102	-
349	2,468,870	6,614,887	13,776
(179,737)	75,104	2,181,249	(1,633,003)
-	-	769,479	-
-	-	(2,253,036)	-
28,098	1,883,498	2,584,677	675,000
(4,258)	-	(1,373,414)	-
(155,897)	1,958,602	1,908,955	(958,003)
179,225	3,952,161	136,615,116	1,137,803
\$ 23,328	\$ 5,910,763	\$ 138,524,071	\$ 179,800

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 6,623,945	\$ 5,697,776	\$ 2,961,239	\$ 2,484,424
Cash payments to suppliers for goods and services	3,387,711	(3,283,465)	(119,447)	(1,674,984)
Cash payments to employees for services	(2,416,957)	(2,515,247)	(394,253)	(776,763)
Other operating receipts	54,666	28,429	18,740	265,632
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>7,649,365</u>	<u>(72,507)</u>	<u>2,466,279</u>	<u>298,309</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	194,637	79,763	231,030	167,383
Transfers to other funds	-	-	(143,782)	-
Proceeds from interfund balances	2,832,595	-	-	-
Payment of interfund balances	-	(2,883,326)	-	-
Intergovernmental grant proceeds	-	-	-	-
Payments for extraordinary item	(2,253,036)	-	-	-
Proceeds from issuance of debt	2,105,741	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<u>2,879,937</u>	<u>(2,803,563)</u>	<u>87,248</u>	<u>167,383</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	11,655	3,744	3,813	-
Acquisition and construction of capital assets	(22,188,453)	(4,330,886)	(14,019,905)	(8,643,733)
Proceeds from issuance of debt	13,115,580	11,211,670	9,643,068	-
Payment of debt	(143,000)	(193,239)	(1,525,000)	(619,869)
Interest paid	(474,615)	(280,457)	(676,620)	(511,244)
Contributions	6,605	1,810	67,874	92,439
Intergovernmental grant proceeds	-	527,195	1,341,766	1,239,304
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(9,672,228)</u>	<u>6,939,837</u>	<u>(5,165,004)</u>	<u>(8,443,103)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	51,521	35,589	34,774	41,044
<b>NET CASH PROVIDED BY INVESTMENT ACTIVITIES</b>	<u>51,521</u>	<u>35,589</u>	<u>34,774</u>	<u>41,044</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	908,595	4,099,356	(2,576,703)	(7,936,367)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>3,571,380</u>	<u>146,173</u>	<u>4,537,978</u>	<u>9,958,467</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 4,479,975</u>	<u>\$ 4,245,529</u>	<u>\$ 1,961,275</u>	<u>\$ 2,022,100</u>

EXHIBIT 7

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 4,036,085	\$ 21,803,469	\$ 9,719,684
(190,443)	(2,913,242)	(4,793,870)	(2,508,036)
(8,756)	(3,135,289)	(9,247,265)	(9,226,502)
-	18,704	386,171	22,207
<u>(199,199)</u>	<u>(1,993,742)</u>	<u>8,148,505</u>	<u>(1,992,647)</u>
28,098	1,883,498	2,584,409	675,000
(4,258)	-	(148,040)	-
(65,297)	107,173	2,874,471	-
-	(6,465)	(2,889,791)	(1,489)
-	1,688,597	1,688,597	-
-	-	(2,253,036)	-
-	-	2,105,741	-
<u>(41,457)</u>	<u>3,672,803</u>	<u>3,962,351</u>	<u>673,511</u>
-	-	-	-
-	24,017	43,229	-
-	(1,270,765)	(50,453,742)	-
-	69,946	34,040,264	-
-	-	(2,481,108)	-
-	(1,740)	(1,944,676)	-
-	-	168,728	-
<u>264,620</u>	<u>-</u>	<u>3,372,885</u>	<u>-</u>
<u>264,620</u>	<u>(1,178,542)</u>	<u>(17,254,420)</u>	<u>-</u>
230	17,943	181,101	16,314
<u>230</u>	<u>17,943</u>	<u>181,101</u>	<u>16,314</u>
24,194	518,462	(4,962,463)	(1,302,822)
-	956,631	19,170,629	2,477,150
<u>\$ 24,194</u>	<u>\$ 1,475,093</u>	<u>\$ 14,208,166</u>	<u>\$ 1,174,328</u>

(Continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>				
<b>TO NET CASH PROVIDED BY (USED FOR) OPERATING</b>				
<b>ACTIVITIES</b>				
Operating income (loss)	\$ (727,544)	\$ (540,370)	\$ 892,220	\$ (1,484,092)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	1,343,385	863,151	421,709	898,473
Change in assets and liabilities				
(Increase) decrease in receivables	34,637	87,928	(13,560)	(554)
Decrease in inventories and prepaid items	-	(191,409)	-	-
Increase (decrease) in accounts payable	6,970,790	(336,982)	1,157,565	875,071
Increase in accrued liabilities	9,877	24,121	3,891	2,123
Increase in net OPEB liability	18,220	21,054	4,454	7,288
Total Adjustments	<u>8,376,909</u>	<u>467,863</u>	<u>1,574,059</u>	<u>1,782,401</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING</b>				
<b>ACTIVITIES</b>	<u>\$ 7,649,365</u>	<u>\$ (72,507)</u>	<u>\$ 2,466,279</u>	<u>\$ 298,309</u>
<b>NONCASH CAPITAL AND RELATED FINANCING</b>				
<b>ACTIVITIES</b>				
Contribution of capital assets from outside sources	<u>\$ 31,712</u>	<u>\$ 175,350</u>	<u>\$ 431,689</u>	<u>\$ 130,728</u>
Contributions of capital assets to Governmental Activities	<u>\$ 33,455</u>	<u>\$ 79,260</u>	<u>\$ 324,778</u>	<u>\$ 787,881</u>
Contributions of capital assets from Governmental Activities	<u>\$ 268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
See notes to financial statements.				

**EXHIBIT 7**  
**(Continued)**

<u>Enterprise Funds</u>			<u>Governmental</u>
<u>America's</u>	<u>Other</u>		<u>Activities-</u>
<u>River</u>	<u>Enterprise</u>	<u>Total</u>	<u>Internal</u>
<u>Project</u>	<u>Funds</u>		<u>Service Funds</u>
\$ (180,086)	\$ (2,393,766)	\$ (4,433,638)	\$ (1,646,779)
-	375,410	3,902,128	10,259
-	6,098	114,549	(176,691)
-	(1,751)	(193,160)	(66,981)
(19,113)	(8,078)	8,639,253	(123,180)
-	6,481	46,493	10,725
-	21,864	72,880	-
<u>(19,113)</u>	<u>400,024</u>	<u>12,582,143</u>	<u>(345,868)</u>
\$ (199,199)	\$ (1,993,742)	\$ 8,148,505	\$ (1,992,647)
\$ -	\$ -	\$ 769,479	\$ -
\$ -	\$ -	\$ 1,225,374	\$ -
\$ -	\$ -	\$ 268	\$ -

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2011**

**EXHIBIT 8**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and pooled cash investments	\$ 1,247,843
Accounts receivable	53,197
Accrued interest	<u>3,498</u>
 Total Assets	 <u>\$ 1,304,538</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 11,174
Due to other agency	<u>1,293,364</u>
 Total Liabilities	 <u>\$ 1,304,538</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Reporting Entity**

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

**Discretely Presented Component Units**

The Dubuque Metropolitan Area Solid Waste Agency was created under the provisions of Chapter 28E of the Code of Iowa by the City of Dubuque and Dubuque County. The purpose of the Agency is to provide solid waste management for the Dubuque metropolitan area. The City appoints a voting majority of the Agency's governing board and has authority over those persons responsible for the day-to-day operations of the Agency. The Agency is presented as a proprietary fund type and has a June 30 year end. During the year ended June 30, 2011, \$546,060 of the Dubuque Metropolitan Area Solid Waste Agency's charges for services were related to services provided to the City of Dubuque.

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

Complete financial statements for the Component Units may be obtained from the City of Dubuque's Finance Department for the Dubuque Metropolitan Area Solid Waste Agency and Economic Development Office for Dubuque Initiatives and Subsidiaries.

City of Dubuque  
50 West 13<sup>th</sup> Street  
Dubuque, Iowa 52001

**Jointly Governed Organizations**

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

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Government-wide and Fund Financial Statements**

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period (year-end). Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

(continued on next page)

CITY OF DUBUQUE, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

The *Sewage Disposal Works Fund* is used to account for the operations of the City's sewage disposal works and services.

The *Water Utility Fund* is used to account for the operations of the City's water facilities and services.

The *Stormwater Utility Fund* is used to account for the operations of the City's stormwater services.

The *Parking Facilities Fund* is used to account for the operations of the City-owned parking ramps and other parking facilities.

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

Additionally, the City reports the internal service fund type. *Internal service funds* are used to account for general, garage, stores/printing, health insurance, and worker's compensation insurance services provided by one department to other departments of the City on a cost-reimbursement basis.

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

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, Liabilities, and Equity**

*Deposits and Investments*

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

Investments are stated at fair value or amortized cost. Amortized cost is used only for money market investments that have a remaining maturity at time of purchase of one year or less.

*Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property tax receivable is recognized in the funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year delinquent property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2011, and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The tax levy is divided into two billings. The billings are due September 1 and March 1. On September 30 and March 31, the bill becomes delinquent, and penalties and interest may be assessed by the City.

*Inventories and Prepaid Items*

Inventories included in the governmental funds are valued at cost using the first-in first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of materials and supplies in the enterprise funds are determined by actual count and priced on the FIFO method.

Inventories included in internal service funds are stated at the lower of cost (FIFO method) or market and consist of consumable supplies. The cost of these supplies is recorded as an expense at the time they are removed from inventory for use.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The costs of governmental fund prepaids are recorded as expenditures when consumed rather than when purchased.

*Restricted Assets*

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet/statement of net assets 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.

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

Certain assets of the special revenue funds and capital project funds are classified as restricted assets because their use is limited by debt agreements, the City's cable television franchise agreement and 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 assets and in the proprietary funds statement of net assets. 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 a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. All of the City's infrastructure has been recorded, including infrastructure acquired prior to June 30, 1980.

Major outlays for capital assets and improvements are capitalized as projects are constructed. There was no interest incurred during the construction phase of capital assets of business-type activities to capitalize with the value of the assets constructed in the current year.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

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

*Compensated Absences*

The City allows employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. Vacation pay is payable to employees upon retirement or termination. Sick pay is payable only upon retirement, in which event employees are paid for 25% of all eligible hours (50% in the case of police and fire employees). All vacation pay and applicable sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

*Long-Term Obligations*

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

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

*Net Assets/Fund Balance*

The Dubuque Metropolitan Area Solid Waste Agency's restricted net assets represent 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 assets restricted for minority interest is calculated at 22.7% of unrestricted net assets, 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 assets is displayed in three components as follows:

- Invested in capital assets, net of related debt-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 assets invested in capital assets, net of related debt excludes unspent debt proceeds. Unspent debt proceeds was \$4,592,591 for the governmental activities and \$5,910,563 for business-type activities.
- Restricted-This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2011 consists of \$115,608 for debt service and \$45,607 for employee benefits. All other restrictions are by outside parties through grants, debt agreements or donors.
- Unrestricted-This consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

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 delegated the authority to the City Manager, Budget Director, and Finance Director.
- **Unassigned:** Unassigned fund balances are amounts not included in the other spendable classifications.

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

The budget guideline of the City of Dubuque maintains a General Fund working balance or operating reserve of 10% of the total General Fund operating budget requirements, or approximately \$4,017,317 for fiscal year 2011. 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.

An additional one-time \$1 million reserve implemented in fiscal year 2010 was carried forward into fiscal year 2011. Another \$500,000 was added to the reserve for fiscal year 2011 due to the health insurance claims exceeding expectations in fiscal year 2010. If these funds were not needed, they would have been available in fiscal year 2012 for a capital project or economic development initiative. \$1,117,475 of the additional funds was used in fiscal year 2011 and the remaining \$382,525 was carried over into fiscal year 2012.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Budgets and Budgetary Accounting*

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the community and economic development function.

*Other Significant Accounting Policies*

Other significant accounting policies are set forth in the financial statements and the notes thereto.

**NOTE 2 - DEFICIT FUND EQUITY**

The following funds have deficit net asset amounts as of June 30, 2011:

Internal Service

General Service	\$	20,116
Workers' Compensation Reserve	\$	953,653

The General Service deficit will be addressed during next fiscal year's reallocation of expenses. The Worker's Compensation Reserve deficit is a result of a number of projected settlements at fiscal year-end that will be paid during next fiscal year with additional funding to cover.

**NOTE 3 - CASH ON HAND, DEPOSITS, AND INVESTMENTS**

**Cash on Hand.** Cash on hand represents authorized change funds and petty cash funds used for current operating purposes. The carrying amount at year-end was \$10,346 for the City and \$450 for the Dubuque Metropolitan Area Solid Waste Agency.

**Deposits.** At year-end, the City's carrying amount of deposits was \$23,110,980, and the bank balance was \$24,921,323. The City's deposits in banks at June 30, 2011, 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 \$10,508,936, and the bank balance was \$10,787,012. The Agency's deposits in banks at June 30, 2011, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Investments.** As of June 30, 2011, 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	\$ 3,781,517	\$ 99,750	\$ -	\$ -	\$ 3,881,267
U.S. Treasury Securities	1,646,602	7,693,247	-	2,170,747	11,510,596
Federal Agency Obligations	-	5,764,815	773,019	7,176,602	13,714,436
Corporate Stock	76,093	-	-	-	76,093
	<u>\$ 5,504,212</u>	<u>\$ 13,557,812</u>	<u>\$ 773,019</u>	<u>\$ 9,347,349</u>	<u>\$ 29,182,392</u>

The City and the Dubuque Metropolitan Solid Waste Agency are authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council or Board of Trustees and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Corporate stock was donated in 1957 to the City to establish the Ella Lyons Peony Trail Permanent Trust Fund.

*Interest Rate Risk.* The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

*Credit Risk.* The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year. The City's investments in Money Market Funds and US Agencies were rated AAA.

*Concentration of Credit Risk.* The City's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The City held no such investments during the year.

*Custodial Credit Risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposits are entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

*Custodial Credit Risk – Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no custodial risk with regards to investments, since all investments were held by the City or its agent in the City's name.

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

Due to legal and budgetary reasons, the General Fund is assigned a portion of the investments earnings associated with other funds. These funds are the employee benefits, community development, tort liability, road use tax, cable TV, general construction, transit system, general service, garage service, and stores/printing funds.

The Dubuque Metropolitan Area Solid Waste Agency had no investments at June 30, 2011.

A reconciliation of cash and investments as shown on the government-wide statement of net assets for the primary government and statement of fiduciary assets and liabilities follows:

Cash on hand	\$ 10,346
Carrying amount of deposits	23,110,980
Carrying amount of investments	<u>29,182,392</u>
Total	<u>\$ 52,303,718</u>
Government-wide	
Cash and pooled cash investments	\$ 47,823,397
Cash and pooled cash investments – temporarily restricted	3,163,066
Cash and pooled cash investments – permanently restricted	69,412
Fiduciary	
Cash and pooled cash investments	<u>1,247,843</u>
Total	<u>\$ 52,303,718</u>

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

Cash on hand	\$ 450
Carrying amount of deposits	<u>10,508,936</u>
Total	<u>\$ 10,509,386</u>
Cash and pooled cash investments	\$ 6,339,019
Cash and pooled cash investments – temporarily restricted	<u>4,170,367</u>
Total	<u>\$ 10,509,386</u>

**Dubuque Initiatives and Subsidiaries.** At December 31, 2010, Dubuque Initiatives and Subsidiaries had the following cash and investments:

Deposits	\$ 2,955,695
Repurchase agreement	118,862
Beneficial interest in assets held by others	<u>1,026,840</u>
Total	<u>\$ 4,101,397</u>

A reconciliation of cash and investments as shown on the government-wide statement of net assets for Dubuque Initiatives and Subsidiaries follows:

Cash and pooled cash investments	\$ 2,788,705
Cash and pooled cash investments-restricted	285,852
Cash and pooled cash investments – temporarily restricted	<u>1,026,840</u>
Total	<u>\$ 4,101,397</u>

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 4 – NOTES RECEIVABLE**

At December 30, 2010, Dubuque Initiatives and Subsidiaries had the following notes receivable:

Lower Main Development, 4.00%, unsecured, matures August 2018	112,987
City of Dubuque, 5.00%, unsecured, matures July 2023	362,167
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	6,500,000
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	1,744,743
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	<u>5,294,384</u>
Total notes receivable	14,014,281
Less: current maturities	<u>(33,146)</u>
Noncurrent portion	<u>\$ 13,981,135</u>

**NOTE 5 – INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2011, 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:		
Major Fund, General	\$ 107,173	\$ -
Business-type activities:		
Nonmajor, Transit	-	107,173
	<u>\$ 107,173</u>	<u>\$ 107,173</u>
	Advances To Other Funds	Advances From Other Funds
Governmental activities:		
Major Fund, General	\$ 109,986	\$ -
Business-type activities:		
Major Funds:		
Sewage Disposal Works	-	2,832,595
Water Utility	2,832,595	109,986
	<u>\$ 2,942,581</u>	<u>\$ 2,942,581</u>

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Transfer to	Transfers From							Total
	General	Employee Benefits	Street Construction	General Construction	Nonmajor Governmental	Stormwater Utility	Americas River Project	
General	-	2,210,604	-	100,000	902,298	-	4,258	3,217,160
Community development	-	-	-	-	499,410	-	-	499,410
Street construction	157,840	-	-	117,525	723,455	-	-	998,820
General construction	49,499	-	-	-	6,635,396	-	-	6,684,895
Nonmajor governmental	1,705,256	-	298,593	1,066,274	1,380,115	-	-	4,450,238
Sewage disposal works	-	-	-	125,500	25,355	43,782	-	194,637
Water utility	-	-	-	-	79,763	-	-	79,763
Stormwater utility	230,434	-	-	-	596	-	-	231,030
Parking facilities	-	-	-	32,500	134,883	-	-	167,383
Americas River project	28,098	-	-	-	-	-	-	28,098
Nonmajor enterprise	1,766,716	-	-	-	16,782	100,000	-	1,883,498
Internal service funds	675,000	-	-	-	-	-	-	675,000
	<u>\$ 4,612,843</u>	<u>\$ 2,210,604</u>	<u>\$ 298,593</u>	<u>\$ 1,441,799</u>	<u>\$ 10,398,053</u>	<u>\$ 143,782</u>	<u>\$ 4,258</u>	<u>\$ 19,109,932</u>
Transfer of capital assets to governmental activities								1,223,374
Transfer of capital assets to business-type activities								(268)
Total								<u>\$ 20,335,038</u>

In the fund financial statements, total transfers out of \$20,335,038 are greater than total transfers in of \$19,109,932 because of the treatment of transfers of capital assets to the governmental activities capital assets. During the year, capital assets related to Sewer, Water, Stormwater, and Parking with a book value of \$33,455, \$79,260, \$324,778, and \$787,881, respectively, were transferred to governmental activities capital assets. Net capital assets of \$268 were transferred from governmental activities capital assets to sanitary sewer. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources. However, the Sewage Disposal Works, Water Utility, Stormwater Utility, and Parking major enterprise funds did report transfers out for the capital resources given.

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

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, was as follows:

**Primary Government:**

**Governmental activities:**

	Beginning Balance	Transfers In	Transfers Out	Reclassification	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:							
Land	\$ 58,772,516	\$ -	\$ -	\$ -	\$ 7,250,345	\$ (578,573)	\$ 65,444,288
Construction in progress	17,586,988	-	-	-	19,437,887	(18,150,365)	18,874,510
Total Capital assets, not being depreciated	76,359,504	-	-	-	26,688,232	(18,728,938)	84,318,798
Capital assets, being depreciated:							
Buildings	113,435,724	787,881	-	-	11,550,851	-	125,774,456
Improvements other than buildings	15,535,320	-	-	-	1,112,828	-	16,648,148
Machinery and equipment	32,454,175	312,000	(16,064)	-	3,354,386	(487,985)	35,616,512
Infrastructure	192,517,528	125,493	-	-	5,344,089	-	197,987,110
Total capital assets, being depreciated	353,942,747	1,225,374	(16,064)	-	21,362,154	(487,985)	376,026,226
Less accumulated depreciation for:							
Buildings	(25,651,430)	-	-	-	(2,117,901)	-	(27,769,331)
Improvements other than buildings	(6,038,212)	-	-	(1,449)	(508,660)	-	(6,548,321)
Machinery and equipment	(15,884,217)	-	15,796	1,538,614	(1,090,326)	463,342	(14,956,791)
Infrastructure	(47,158,734)	-	-	(1,537,165)	(4,707,123)	-	(53,403,022)
Total accumulated depreciation	(94,732,593)	-	15,796	-	(8,424,010)	463,342	(102,677,465)
Total capital assets, being depreciated, net	259,210,154	1,225,374	(268)	-	12,938,144	(24,643)	273,348,761
Governmental activities capital assets, net	\$ 335,569,658	\$ 1,225,374	\$ (268)	\$ -	\$ 39,626,376	\$ (18,753,581)	\$ 357,667,559

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CITY OF DUBUQUE, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS (continued)

Business-type activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 13,487,195	\$ -	\$ -	\$ 3,540,972	\$ -	\$ 17,028,167
Construction in progress	6,509,164	-	(1,225,374)	50,356,780	(13,029,971)	42,610,599
Total Capital assets, not being depreciated	19,996,359	-	(1,225,374)	53,897,752	(13,029,971)	59,638,766
Capital assets, being depreciated:						
Buildings	85,822,990	-	-	119,971	-	85,942,961
Improvements other than buildings	68,523,151	-	-	1,594,718	-	70,117,869
Machinery and equipment	56,277,467	16,064	-	8,640,751	(423,697)	64,510,585
Total capital assets, being depreciated	210,623,608	16,064	-	10,355,440	(423,697)	220,571,415
Less accumulated depreciation for:						
Buildings	(40,193,372)	-	-	(1,272,641)	-	(41,466,013)
Improvements other than buildings	(19,251,530)	-	-	(1,259,032)	-	(20,510,562)
Machinery and equipment	(22,782,513)	(15,796)	-	(1,370,455)	395,570	(23,773,194)
Total accumulated depreciation	(82,227,415)	(15,796)	-	(3,902,128)	395,570	(85,749,769)
Total capital assets, being depreciated, net	128,396,193	268	-	6,453,312	(28,127)	134,821,646
Business-type activities capital assets, net	\$ 148,392,552	\$ 268	\$ (1,225,374)	\$ 60,351,064	\$ (13,058,098)	194,460,412

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

Governmental activities:	
Public safety	\$ 666,941
Public works	4,871,906
Health and social services	-
Culture and recreation	1,546,977
Community and economic development	41,081
General government	1,286,846
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	10,259
Total depreciation expense - governmental activities	<u>\$ 8,424,010</u>
Business-type activities:	
Sewage disposal works	\$ 1,343,385
Water utility	863,151
Stormwater utility	421,709
Parking facilities	898,473
Refuse collection	65,640
Transit system	309,770
Total depreciation expense - business-type activities	<u>\$ 3,902,128</u>

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Component Unit:**

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 1,586,092	\$ -	\$ -	\$ -	\$ -	\$ 1,586,092
Construction in progress	190,878	-	-	403,419	(594,297)	-
Total capital assets, not being depreciated	1,776,970	-	-	403,419	(594,297)	1,586,092
Capital assets, being depreciated:						
Buildings	65,922	-	-	-	-	65,922
Improvements other than buildings	6,364,906	-	-	-	-	6,364,906
Machinery and equipment	2,820,938	-	-	980,280	-	3,801,218
Total capital assets, being depreciated	9,251,766	-	-	980,280	-	10,232,046
Less accumulated depreciation for:						
Buildings	(47,225)	-	-	(719)	-	(47,944)
Improvements other than buildings	(5,336,899)	-	-	(295,022)	-	(5,631,921)
Machinery and equipment	(1,325,355)	-	-	(373,428)	-	(1,698,783)
Total accumulated depreciation	(6,709,479)	-	-	(669,169)	-	(7,378,648)
Total capital assets, being depreciated, net	2,542,287	-	-	311,111	-	2,853,398
Dubuque Metropolitan Area Solid Waste capital assets, net	\$ 4,319,257	\$ -	\$ -	\$ 714,530	\$ (594,297)	4,439,490

Depreciation expense of \$669,169 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 \$47,805,000. During Fiscal Year 2011, the City issued \$705,000 to current refund one outstanding issuance. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$82,762 and a reduction of \$70,465 in future debt service payment. During Fiscal Year 2011, the City issued \$9,265,000 of general obligation bonds for capital improvements.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. General obligation bonds outstanding at June 30, 2011, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate purpose and refunding Series 2002C	12/03/02	6/01/03-06/01/17	3.65-4.30%	\$ 3,105,000	\$ 1,120,000
Corporate purpose Series 2003	10/15/03	6/01/04-06/01/23	3.40-4.75	2,110,000	1,420,000
Corporate purpose Series 2005	04/18/05	6/01/06-06/01/24	3.40-5.00	9,015,000	6,510,000
Corporate purpose Series 2006A	04/03/06	6/01/07-06/01/25	3.80-4.20	2,900,000	2,360,000
Corporate purpose Series 2006B	04/03/06	6/01/07-06/01/21	3.70-4.20	910,000	670,000
Refunding Series 2006C	04/03/06	6/01/10-06/01/20	3.70-4.10	3,525,000	3,190,000
Corporate purpose and refunding Series 2007B	12/01/07	6/01/10-06/01/17	3.75	2,965,000	2,310,000
Corporate purpose Series 2007A	12/01/07	6/01/09-06/01/17	3.45-3.65	1,055,000	740,000
Corporate purpose Series 2008A	11/04/08	6/01/09-06/01/28	3.75-4.80	3,885,000	3,500,000
Corporate purpose Series 2008B	11/04/08	6/01/09-06/01/23	3.75-4.25	3,290,000	2,795,000
Corporate purpose (taxable) Series 2008C	11/04/08	6/01/09-06/01/18	5.25-5.50	2,465,000	2,145,000
Corporate purpose (taxable) Series 2009A	11/10/09	6/01/11-06/01/29	1.90-5.60	2,935,000	2,815,000
Corporate purpose (taxable) Series 2009B	11/10/09	6/01/11-06/01/29	1.50-5.50	11,175,000	10,725,000
Refunding Series 2009C	11/10/09	6/01/10-06/01/21	2.00-4.00	8,885,000	7,560,000
Corporate purpose and refunding Series 2010A	08/30/10	6/01/11-06/01/30	2.00-3.00	4,470,000	4,415,000
Corporate purpose Series 2010B	08/30/10	6/01/12-06/01/30	1.00-4.15	2,675,000	2,675,000
Corporate purpose Series 2010C	08/30/10	6/01/12-06/01/30	2.00-3.00	2,825,000	2,825,000
				<u>\$ 68,190,000</u>	<u>\$ 57,775,000</u>

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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
2012	\$ 2,270,259	\$ 1,307,536	\$ 1,439,741	\$ 1,039,038
2013	2,316,768	1,235,247	1,483,232	994,241
2014	2,591,768	1,156,285	1,523,232	946,164
2015	2,688,277	1,061,555	1,576,723	892,638
2016	2,789,786	958,182	1,625,214	835,893
2017-2021	14,098,542	3,041,157	7,236,458	3,261,236
2022-2026	3,542,854	1,059,676	6,522,146	1,737,667
2027-2030	1,972,768	301,260	4,097,232	350,914
Total	\$ 32,271,022	\$ 10,120,898	\$ 25,503,978	\$ 10,057,791

**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. The original amount of tax increment financing bonds issued in prior years was \$26,333,538. Tax increment financing bonds outstanding at June 30, 2011, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount		Current Portion
				Originally Issued	Outstanding End of Year	
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1 %	\$ 3,168,538	\$ 458,575	\$ 458,575
Vessel Systems	12/31/03	12/30/05-06/30/15	8.0	140,000	69,317	15,364
Diamond Jo Parking Ramp	10/16/07	06/01/11-06/01/37	7.5	23,025,000	22,740,000	305,000
				\$ 26,333,538	\$ 23,267,892	\$ 778,939

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CITY OF DUBUQUE, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011

NOTE 7 – LONG-TERM DEBT (continued)

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
2012	\$ 778,939	\$ 1,742,354
2013	346,617	1,686,616
2014	372,973	1,660,510
2015	399,363	1,632,418
2016	410,000	1,602,750
2017-2021	2,565,000	7,503,375
2022-2026	3,675,000	6,386,250
2027-2031	5,280,000	4,785,375
2032-2036	7,570,000	2,486,250
2037	1,870,000	140,250
Total	\$ 23,267,892	\$ 29,626,148

**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, 2011, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount	Amount
				Originally Issued	Outstanding End of Year
Water Utility Series 2008D	11/04/08	06/01/10-06/01/23	3.00-5.00	\$ 1,195,000	\$ 1,055,000
Water Utility Series 2010D	09/21/10	06/01/12-06/01/30	2.00-4.00	5,700,000	5,700,000
				\$ 6,895,000	\$ 6,755,000

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year June 30	Business-type Activities	
	Principal	Interest
2012	\$ 255,000	\$ 237,608
2013	260,000	231,458
2014	270,000	224,945
2015	275,000	218,045
2016	285,000	210,825
2017-2021	1,585,000	909,830
2022-2026	1,940,000	601,173
2027-2030	1,885,000	192,800
Total	\$ 6,755,000	\$ 2,826,684

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Notes Payable.** Notes payable have been issued to provide funds for economic development and for the purchase of capital assets. Notes payable at June 30, 2011, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount	Amount	Current Portion
				Originally Issued	Outstanding End of Year	
Adams Company	02/13/04	06/01/05-06/01/15	4.07 %	\$ 500,000	\$ 181,818	\$ 45,455
Lower Main Development	06/30/04	12/31/06-06/30/16	8.00	182,000	108,109	18,409
Theisen Supply	11/22/06	12/31/08-06/30/18	8.25	810,323	633,546	69,116
40 Main LLC	08/06/09	06/01/11-06/01/37	6.50	690,529	690,529	50,710
44 Main LLC	10/26/10	12/31/12-06/30/27	6.00	317,347	317,347	-
				<b>\$ 2,500,199</b>	<b>\$ 1,931,349</b>	<b>\$ 183,690</b>

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

Fiscal Year <u>June 30</u>	Governmental Activities	
	Principal	Interest
2012	\$ 183,690	\$ 130,927
2013	208,702	117,145
2014	221,043	102,954
2015	234,540	88,533
2016	203,240	73,213
2017-2021	728,129	170,687
2022-2026	138,596	34,322
2027	13,409	1,520
<b>Total</b>	<b>\$ 1,931,349</b>	<b>\$ 719,301</b>

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Capital Loan Notes.** Revenue capital loan notes have been issued for the planning and construction of sewer, stormwater, and water capital projects through the State of Iowa State Revolving Loan Funds. The City has pledged income derived from the acquired or constructed assets to pay debt service. During 2011, the City received \$603,955 in forgivable capital loan notes not reflected in the following amounts.

Purpose	Date Authorized	Final Maturity Date	Interest Rates	Amount Authorized	Amount	
					Outstanding End of Year	Current Portion
Upper Bee Branch Sewer	12/28/06	06/01/30	3.25 %	\$ 1,657,821	\$ 617,822	\$ 22,353
Clean Water	01/14/09	06/01/28	3.25	1,847,000	1,628,000	73,000
Drinking Water	10/18/07	06/01/28	3.25	1,037,000	807,000	36,000
North Catfish Creek Stormwater	01/13/09	06/01/30	3.25	998,000	740,024	26,775
North Catfish Creek Sewer	01/13/09	06/01/30	3.25	1,141,000	655,371	22,353
Water Meter Replacement	02/12/10	06/01/30	3.25	8,676,000	5,665,190	206,332
Upper Bee Branch Sewer	10/27/10	06/01/41	3.25	7,850,000	5,426,731	196,345
Water Pollution Control Plant	08/18/10	06/01/39	3.25	64,885,000	17,625,271	637,701
				<u>\$ 88,091,821</u>	<u>\$ 33,165,409</u>	<u>\$ 1,220,859</u>

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

Fiscal Year	Business-type Activities	
	Principal	Interest
June 30		
2012	\$ 1,220,859	\$ 1,068,915
2013	1,260,287	1,028,943
2014	1,302,910	987,621
2015	1,345,765	945,023
2016	1,388,893	900,962
2017-2021	7,660,944	3,791,925
2022-2026	8,998,776	2,456,078
2027-2031	9,986,975	898,854
Total	<u>\$ 33,165,409</u>	<u>\$ 12,078,321</u>

At June 30, 2011, the City of Dubuque had \$58,221,914 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 2012.

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount	Amount	Current Portion
				Originally Issued	Outstanding End of Year	
Parking Lot Purchase	07/08/08	01/01/09-07/01/23	5.00 %	\$ 400,000	\$ 352,109	\$ 20,874
Building Purchase Agreement	02/01/10	02/01/10-02/01/16	-	330,000	282,857	47,143
Lower Bee Branch Bridge Loan 34	09/20/10	06/01/11	1.49	950,000	-	-
Lower Bee Branch Bridge Loan 59	09/20/10	06/01/12	1.49	950,000	950,000	950,000
Lower Bee Branch Bridge Loan 75	09/20/10	06/01/13	1.49	950,000	950,000	-
				<u>\$ 3,580,000</u>	<u>\$ 2,534,966</u>	<u>\$ 1,018,017</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
2012	\$ 47,143	\$ -	\$ 970,874	\$ 45,658
2013	47,143	-	971,931	30,446
2014	47,143	-	23,041	15,181
2015	47,143	-	24,208	14,014
2016	47,143	-	25,433	12,789
2017-2021	47,142	-	147,835	43,275
2022-2024	-	-	88,787	6,768
<b>Total</b>	<u>\$ 282,857</u>	<u>\$ -</u>	<u>\$ 2,252,109</u>	<u>\$ 168,131</u>

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Changes in Long-term Liabilities.** Long-term liability activity for the year ended June 30, 2011, was as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 27,540,000	\$ 7,341,022	\$ (2,610,000)	\$ 32,271,022	\$ 2,270,259
Unaccreted premium	525,283	1,642	(27,740)	499,185	-
Unamortized discounts	(123,312)	(39,547)	2,396	(160,463)	-
Deferred amount on refunding	(54,107)	-	5,411	(48,696)	-
Total general obligation bonds	27,887,864	7,303,117	(2,629,933)	32,561,048	2,270,259
Tax increment financing bonds	24,042,040	-	(774,148)	23,267,892	778,939
Unamortized discounts	(239,542)	-	8,872	(230,670)	-
Total tax increment financing bonds	23,802,498	-	(765,276)	23,037,222	778,939
Notes payable	1,696,872	360,700	(126,223)	1,931,349	183,690
Loans payable	282,857	-	-	282,857	47,143
Compensated absences	2,717,633	2,746,993	(2,717,633)	2,746,993	2,746,993
Net OPEB liability	1,566,681	352,254	-	1,918,935	-
<b>Total governmental activities</b>	<b>\$ 57,954,405</b>	<b>\$ 10,763,064</b>	<b>\$ (6,239,065)</b>	<b>\$ 62,478,404</b>	<b>\$ 6,027,024</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 24,225,000	\$ 2,628,978	\$ (1,350,000)	\$ 25,503,978	\$ 1,439,741
Unamortized discounts	(178,002)	-	8,889	(169,113)	-
Deferred amount on refunding	(89,196)	-	8,983	(80,213)	-
Total general obligation bonds	23,957,802	2,628,978	(1,332,128)	25,254,652	1,439,741
Revenue bonds	1,125,000	5,700,000	(70,000)	6,755,000	255,000
Unaccreted premium	-	32,114	-	32,114	-
Unamortized discounts	(9,570)	-	249	(9,321)	-
Total revenue bonds	1,115,430	5,732,114	(69,751)	6,777,793	255,000
Capital loan notes	8,289,621	25,043,787	(167,999)	33,165,409	1,220,859
Loans payable	371,978	2,850,000	(969,869)	2,252,109	970,874
Compensated absences	386,750	386,250	(386,750)	386,250	386,250
Net OPEB liability	343,482	72,880	-	416,362	-
<b>Total business-type activities</b>	<b>\$ 34,465,063</b>	<b>\$ 36,714,009</b>	<b>\$ (2,926,497)</b>	<b>\$ 68,252,575</b>	<b>\$ 4,272,724</b>

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

**Dubuque Initiatives and Subsidiaries.** At December 31, 2011, Dubuque Initiatives and Subsidiaries had the following notes and loan payable:

Note payable to Dubuque Bank & Trust (Loan A), with the following interest rate provisions: fixed interest rate of 5.85% during the "Fixed Interest Rate Period"; during the "Initial Loan A Variable Interest Rate Period", an interest rate equal to the greater of the "Loan A Index Rate" plus 2.75% and 5.00%; during the "Second Loan A Variable Interest Rate Period", an interest rate equal to the "Loan A Index Rate" plus 2.75%. Monthly interest only payments are due with final principal and interest due at maturity on June 15, 2029.\*

\$ 5,294,384

Note payable to Dubuque Bank & Trust (Loan B), with the following interest rate provisions: fixed interest rate of 5.85% during the "Fixed Interest Rate Period", during the "Variable Interest Period: an interest rate equal to the "Loan A Index Rate" plus 2.75%. Monthly interest only payments due until March 2010, principal and interest payments of \$54,167 begin on April 1, 2010. This note matures on June 15, 2019.\*

6,092,598

Note payable to Dubuque Bank & Trust (Loan D), interest rate equal to the greater of Prime Rate plus 0.50% or 3.99%. Monthly interest only payments are due with final principal and interest due at maturity on October 31, 2011.\*

10,651,055

Note payable to ICD VIII, LLC (QLICI QA1 Loan), fixed interest rate of 4.74%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.\*\*

5,897,192

Note payable to USBCDE Sub-CDE XXXV, LLC (QLICI QA2 Loan), fixed interest rate of 4.47%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.\*\*

5,897,192

Note payable to ICD VIII, LLC (QLICI QB1 Loan), fixed interest rate of 1.80%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.\*\*

3,902,808

Note payable to USBCDE Sub-CDE XXXV, LLC (QLICI QB2 Loan), fixed interest rate of 1.80%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.\*\*

4,002,808

Less: Current maturities 41,738,037  
 Noncurrent liability (11,225,935)

\$ 30,512,102

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

2011	\$ 11,225,935
2012	609,190
2013	647,242
2014	686,692
2015	728,547
Thereafter	<u>27,840,431</u>
	<u>\$ 41,738,037</u>

\* - Notes A, B, and D payable to Dubuque Bank & Trust are collateralized by a security agreement dated June 22, 2009, a collateral assignment of tax credit purchase agreement dated June 22, 2009, and a collateral assignment of fund loan documents dated June 22, 2009.

\*\* - These notes payable to various entities are collateralized by, among other things, a certain Open-End Mortgage, Assignment of Leases and Rents, Security Agreement, and Fixture Filing of even date herewith executed by Borrower, as Mortgagor, to Administrative Agent, in its capacity as the Administrative Agent for the Lenders and for the benefit of the Lenders, as Mortgagee, encumbering the Property.

Forgivable loan. On February 19, 2009, the City of Dubuque was awarded a grant from the Iowa Department of Economic Development in the amount of \$450,000. The City of Dubuque awarded the grant to Dubuque Initiatives & Subsidiaries to assist the Organization in starting the Roshek Building project. The grant is a "forgivable loan". The funds will be released on a reimbursement basis, upon the City of Dubuque submitting paperwork to Iowa Department of Economic Development documenting \$450,000 in building related costs. If the Iowa Department of Economic Development considers the project to meet the reimbursement requirements, the loan will become forgivable on July 1, 2011. The balance of the forgivable loan at December 31, 2010, was \$450,000.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 8 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance purchased from independent third parties and participates in a local government risk pool. The City assumes liability for any 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 \$90,000, and an aggregate stop-loss of \$7,889,065 for 2011. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop-loss amount of \$500,000, and an aggregate-stop loss consistent with statutory limits for 2011. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense. The City purchases private insurance to include sworn Police Officers and Fire Fighters medical claims under a self-insured retention of \$600,000 for each accident.

All funds of the City 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 \$80,135 in the Health Insurance Reserve Fund and \$987,017 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.

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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, 2011 and 2010, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
Liabilities at June 30, 2009	\$ 814,119	\$ 622,009
Claims and changes in estimates during fiscal year 2010	5,599,969	998,771
Claim payments	(5,934,318)	(713,170)
Liabilities at June 30, 2010	479,770	907,610
Claims and changes in estimates during fiscal year 2011	6,457,672	1,042,820
Claim payments	(6,674,473)	-
Liabilities at June 30, 2011	<u>\$ 262,969</u>	<u>\$ 987,017</u>

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 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. The City acquires automobile physical damage coverage through the Pool. All other property, inland marine, and boiler/machinery insurance is acquired through commercial insurance. There have been no reductions in insurance coverage from prior years.

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

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

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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, 2011, were \$570,843.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials liability risks up to \$350,000 per claim. The next \$2,650,000 in claims are covered with another pool (APEEP). Claims exceeding \$3,000,000 are reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's Iowa Risk Management Agreement with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal and Cumulative Reserve Fund distribution.

**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, 2011.

**Litigation**

The City's corporate counsel reported that as of June 30, 2011, various claims and lawsuits were on file against the City. The corporation counsel estimated that all potential settlements against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

In October 2010, during the initial stages of the City's Water Resource and Recovery Center's Renovation Project, a small amount of mercury was spilled from the bearing on a trickling filter while the

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES (continued)**

bearing was being removed to abate the mercury. The spill required cleaning the trickling filter and its contents by a process approved by the EPA and the IDNR. Miron Construction is seeking \$3 million from the City. The City is seeking to recover \$1.7 million of those costs. Liability for the costs of the spill is set to go to arbitration in early 2012.

Tschiggfrie Excavating Co. has a claim for extra construction costs for the recently completed Lower Bee Branch Sanitary Sewer Project. The claim is for \$2.3 million and is set to go to arbitration in early 2012.

**Construction Contracts**

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2011. The City has additional commitments for signed construction contracts of \$61,461,000 as of June 30, 2011. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

**Debt Guarantee**

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

**Dubuque Initiatives & Subsidiaries**

During 2010, Roshek Building QALICB, LLC had significant renovations started on the Roshek Building, which resulted in various construction contract commitments as of December 31, 2010. The total amount of outstanding commitments at December 31, 2010 was \$1,925,702. Roshek Building, Inc. also anticipates receipt of State of Iowa Certified Historic Rehabilitation Tax Credits in the excess of \$10,000,000 and Federal Certified Historic Rehabilitation Tax Credits in excess of \$11,000,000. The funds will be used to retire debt. The State credits are subject to a completion of the rehabilitation project by December 31, 2010. Both Federal and State credits are also subject to successful approval of the project by the State of Iowa and National Park Service.

**NOTE 10 – EXTRAORDINARY ITEM**

As discussed in Note 9 above, the City incurred costs for a mercury spill of \$2,253,036 in the Sewer Fund. The mercury spill is reported as an extraordinary item since the event was both unusual in nature and infrequent in occurrence.

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

Plan Description - The City operates a single-employer retiree benefit plan which provides postemployment benefits for eligible participants enrolled in the City-sponsored plans, which includes the employees of the Dubuque Metropolitan Area Solid Waste Agency (a component unit). The Plan does not issue a stand-alone financial report. The benefits are provided in the form of an implicit rate subsidy where pre-65 retirees receive health insurance coverage by paying a combined retiree/active rate for the self-insured medical and prescription drug plan.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

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 523 active and 35 retired members in the plan.

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

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

The following table shows the components of the City’s annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

Annual required contribution	\$	570,443
Interest on net OPEB obligation		97,187
Adjustment to annual required contribution		(86,094)
Annual OPEB cost		581,536
Contributions made, net of retiree contributions		(149,114)
Increase in net OPEB obligation		432,422
Net OPEB obligation, beginning of year		1,943,740
Net OPEB obligation, end of year	\$	<u>2,376,162</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the City paid \$450,962 for retiree claims. Plan members eligible for benefits contributed \$301,848 or 100% of the premium costs. The net resulted in City contributions of \$149,114.

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 581,536	25.6 %	\$ 2,376,162
June 30, 2010	945,000	(8.3)	1,943,740
June 30, 2009	945,000	2.6	920,157

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$5,481,802, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,481,802. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$29,790,517 and the ratio of the UAAL to covered payroll was 18.40%. As of June 30, 2011, there were no trust fund assets.

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

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

As of the July 1, 2010 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the City's funding policy. The projected annual medical trend rate (inflation rate) is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Tables, applied on a gender-specific basis. Annual retirement and termination probabilities were developed consistent with the City's experience and the IPERS and MFPRSI retirement patterns. Annual turnover rates were based on Scale T-2 of the actuary's pension handbook.

Projected claim costs of the medical plan are \$8,440 per year for retirees. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of pay on an open basis over 30 years.

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS**

**MFPRSI**

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

Plan members are required to contribute 9.40% of earnable compensation and the City is required to contribute 19.90% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2011, 2010, and 2009, were \$2,404,474, \$1,966,345, and \$2,077,554, respectively, which met the required minimum contribution for each year.

**IPERS**

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

Plan members are required to contribute 4.50% of their annual covered salary, and the City is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009, were \$1,614,811, \$1,456,384, and \$1,314,106, respectively, equal to the required contributions for each year.

**NOTE 13 – LANDFILL CLOSURE AND POSTCLOSURE CARE**

State and federal laws and regulations require the Dubuque Metropolitan Area Solid Waste Agency to place a final cover on each cell of its landfill site when filled and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and postclosure care costs will be paid only near or after the date that each cell stops accepting waste, the Agency reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date. The \$3,839,008 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of cells 1, 2, 3, and 4, the use of 90% of the estimated capacity of cells 5, 6, 7, and 8. The Agency will recognize the remaining estimated cost of closure and postclosure care of \$243,892 as the remaining capacity is filled.

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 13 – LANDFILL CLOSURE AND POSTCLOSURE CARE (continued)**

These amounts are based on what it would cost to perform all closure and postclosure care in 2011. The Agency expects to close cells 5, 6, 7, and 8 in 2013. The Agency is making plans to construct a second generation of cells to extend the life of the landfill to 2061. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2011, funds have been restricted for closure and postclosure costs in the amount of \$3,910,073.

**NOTE 14 – LEASES WHERE CITY IS LESSOR**

The City of Dubuque leases riverfront property, airport property (hangars and terminal space), farm land, parking areas, space for antennas on top of water towers, and concession areas under operating leases. The most significant lease is the lease of the greyhound racing and gambling facility and related parking area to the Dubuque Racing Association (DRA). The City's cost of the leased DRA assets total \$10,144,771. The carrying amount of the assets at June 30, 2011 is \$7,153,888, with \$142,423 of depreciation expense during the year ended June 30, 2011. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2011, the DRA lease generated \$6,311,350 in lease revenue.

**NOTE 15 – SUBSEQUENT EVENTS**

On July 18, 2011, the City authorized \$4,500,000 to Caradco LLLP. The funds are provided by the Iowa Finance Authority (IFA) via a loan to the City of Dubuque. The loan funds are being used for the creation of apartments in the Millwork District. The interest rate for the City on the loan is 3% for 20 years with the first ten years interest only; second ten years principal and interest, 20 year amortization. The City has drawn \$3,500,000 of funds through November 2011 from IFA and forwarded to Caradco LLLP.

On August 1, 2011, the City authorized \$6,330,000 General Obligation Bonds, Series 2011A. The bonds are being issued to provide improvements to water, sewer, stormwater, streets, parking and solid waste, as well as the stipulated civil penalty and supplemental environmental project required under the Consent Decree with federal and state authorities concerning the Water Pollution Control Plant and sanitary sewer system. Although the City sold General Obligation Bonds to support the projects, repayment of the debt will be from fees and other available revenue sources. The interest rate on the bonds range from 2% to 4%, with a maturity date of June 1, 2031.

On August 1, 2011, the City authorized \$1,590,000 Taxable General Obligation Urban Renewal Bonds, Series 2011B. The bonds will provide funds to pay costs of grading and road construction on the South Siebert Farm area of Dubuque Industrial Center West; emergency repairs to the Port of Dubuque Parking Ramp and related litigation expenses; rehabilitation and renovation and reconstruction of the former 18<sup>th</sup> street Fire engine House #1, including the provision of construction financing to the private developer undertaking the rehabilitation of the same. Repayment of the debt will be from tax increment revenues of the Dubuque Industrial Center West and the Greater Downtown Urban Renewal Area along with fees and other available revenue sources. The interest rate on the bonds range from 2.25% to 4.35%, with a maturity date of June 1, 2026.

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 15 – SUBSEQUENT EVENTS (continued)**

In February, 2012, the City plans to authorize not to exceed \$5,000,000 of General Obligation Urban Renewal Bonds. The proceeds will fund urban renewal project activities under the authority of Chapter 403 of the Code of Iowa and the Amended and Restated Urban Renewal Plan for Greater Downtown Urban Renewal Area, including those costs associated with the construction of an intermodal transportation center and the acquisition of real property for public and private redevelopment. Since the bonds are not yet authorized, the actual interest rate and maturity date are not determined. The funds to repay the bonds will be generated from tax increment revenues of the Greater Downtown Urban Renewal Area.

In February, 2012, the City plans to authorize not to exceed \$9,000,000 of General Obligation Bonds. The proceeds will be used to pay costs of street improvements related to East 7<sup>th</sup> and Commercial Street reconstruction and related improvements, two-way traffic conversion from 9<sup>th</sup> to 11<sup>th</sup> Streets, Historic Millwork District “complete streets” improvements and the refunding and refinancing of the General Obligation Capital Loan Notes, Series 2010F, dated September 20, 2010. Since the bonds are not yet authorized, the actual interest rate and maturity date are undetermined. The funds to repay the bonds will be generated from tax increment revenues of the Greater Downtown Urban Renewal Area.

On July 18, 2011, the Dubuque Metropolitan Area Solid Waste Agency acquired 120 acres of adjoining farm land that will be utilized for future landfill expansion. The cost of the property as \$1,190,125.

The City incurred significant expenses at the construction site of the new Water and Resource Recovery Center project due to wind and water damage from July 2011 events. The damage could approximate \$2,250,000 with builder’s risk insurance to reimburse the City the bulk of the cost of repairs. In addition, the City incurred approximately \$800,000 of other damages to city property at various locations throughout the City (lift stations, retaining walls, bridges, roads etc.) It is anticipated that FEMA will reimburse the City 75%, the State will reimburse the City 10%, and the City will pick up the remaining 15%.

**NOTE 16 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS**

GASB has issued several statements not yet implemented by the City that will affect the City’s financial statements, as follows:

*GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, an amendment of GASB Statement No. 43 and No. 45.* This Statement was issued January 2010 and will be effective for the City beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**NOTE 16 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS (continued)**

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the City with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnerships.

GASB Statement No 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010 will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for governmental financial reporting entities by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the City beginning with its year ending June 30, 2013. This statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statement in the future.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*, issued in June 2011, will be effective for the City beginning with its year ending June 30, 2013. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

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



**Required Supplementary Information**  
**June 30, 2011**  
**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, 2011**

	Actual	Budgeted Amounts		Final to Actual
		Original	Final	Variance
<b>RECEIPTS</b>				
Property tax	\$ 19,104,736	\$ 19,177,697	\$ 19,177,697	\$ (72,961)
Tax increment financing	8,358,387	9,080,612	9,080,612	(722,225)
Other City tax	10,967,592	14,628,325	14,628,325	(3,660,733)
Licenses and permits	4,220,761	1,187,750	1,187,750	3,033,011
Use of money and property	16,459,821	17,204,673	17,450,449	(990,628)
Intergovernmental	30,538,233	41,810,047	89,087,080	(58,548,847)
Charges for fees and service	23,254,259	29,434,587	30,276,892	(7,022,633)
Special assessments	288,156	229,000	2,765,269	(2,477,113)
Miscellaneous	24,544,559	6,930,645	9,751,669	14,792,890
Total Receipts	<u>137,736,504</u>	<u>139,683,336</u>	<u>193,405,743</u>	<u>(55,669,239)</u>
<b>EXPENDITURES</b>				
Public safety	23,318,989	23,226,178	23,903,288	584,299
Public works	11,391,328	11,236,376	13,087,242	1,695,914
Health and social services	885,582	864,254	962,372	76,790
Culture and recreation	9,696,979	9,212,448	9,699,402	2,423
Community and economic development	11,312,854	11,678,675	12,249,796	936,942
General government	7,061,642	6,912,832	7,190,142	128,500
Debt service	6,288,173	6,445,719	5,722,717	(565,456)
Capital projects	25,536,097	36,937,109	94,490,211	68,954,114
Business-type activities	69,559,157	61,034,759	120,098,308	50,539,151
Total Expenditures	<u>165,050,801</u>	<u>167,548,350</u>	<u>287,403,478</u>	<u>122,352,677</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES	(27,314,297)	(27,865,014)	(93,997,735)	66,683,438
OTHER FINANCING SOURCES, NET	<u>27,848,374</u>	<u>28,845,081</u>	<u>67,294,895</u>	<u>(39,446,521)</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	534,077	980,067	(26,702,840)	27,236,917
BALANCE, BEGINNING OF YEAR	47,298,087	47,298,087	47,298,087	-
BALANCE, ENDING OF YEAR	<u>\$ 47,832,164</u>	<u>\$ 48,278,154</u>	<u>\$ 20,595,247</u>	<u>\$ 27,236,917</u>

See Note to Required Supplementary Information.

**CITY OF DUBUQUE, IOWA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011 was amended three times during the year to allow the City to increase function expenditures by \$119,855,128, primarily for the carry-forward of unfinished capital improvement projects and expenditure of additional grants for capital improvements.

During the year ended June 30, 2011, disbursements in the debt services function exceeded the amount budgeted, due to refunding a refunding bond principal payment that was not included in the budget amendment.

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	Enterprise	Total
				Funds Modified Accrual Basis	Funds Accrual Basis	
Receipts/Revenue	\$ 137,736,504	\$ (12,385,420)	\$ 125,351,084	\$ 94,535,329	\$ 30,815,755	\$ 125,351,084
Expenditures/Expenses	165,050,801	(44,423,903)	120,626,898	91,992,392	28,634,506	120,626,898
Deficiency of Receipts/Revenue						
Under Expenditures/Expenses	(27,314,297)	32,038,483	4,724,186	2,542,937	2,181,249	4,724,186
Other Financing Sources	27,848,374	(22,876,585)	4,971,789	5,244,083	(272,294)	4,971,789
Net	534,077	9,161,898	9,695,975	7,787,020	1,908,955	9,695,975
Balance, Beginning	47,298,087	130,599,420	177,897,507	41,282,391	136,615,116	177,897,507
Balance, Ending	\$ 47,832,164	\$ 139,761,318	\$ 187,593,482	\$ 49,069,411	\$ 138,524,071	\$ 187,593,482

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Year Ended June 30	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2009	7/1/2008	\$ -	\$ 9,117,000	\$ 9,117,000	0.0%	\$ 30,012,086	30.4%
2010	7/1/2008	-	9,117,000	9,117,000	0.0%	31,430,000	29.0%
2011	7/1/2010	-	5,481,802	5,481,802	0.0%	29,790,517	18.4%

# 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.

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

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

**Tax Increment Financing Fund** – This 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.

**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.

## DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.



# NONMAJOR GOVERNMENTAL FUNDS

## CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

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

**Sales Tax Construction Fund** – This fund is used to account for the resources and costs related to capital improvements financed through the local option sales tax.

## 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, 2011**

	Road Use Tax	Section VIII Housing	Tort Liability
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 141,984	\$ 1,193,884	\$ -
Receivables			
Property tax			
Delinquent	-	-	8,649
Succeeding year	-	-	396,890
Accounts and other	-	17,405	-
Special assessments	-	-	-
Accrued interest	-	3,643	-
Notes	-	590	-
Intergovernmental	447,893	5,475	-
Inventory	442,097	-	-
Restricted cash and pooled cash investments	-	18,396	-
Total Assets	<u>\$ 1,031,974</u>	<u>\$ 1,239,393</u>	<u>\$ 405,539</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 131,363	\$ 23,468	\$ -
Accrued payroll	75,706	25,625	-
Intergovernmental payable	-	58,958	-
Deferred revenue			
Succeeding year property tax	-	-	396,890
Other	-	-	529
Total Liabilities	<u>207,069</u>	<u>108,051</u>	<u>397,419</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Endowment corpus	-	-	-
Inventory	442,097	-	-
Long-term notes receivable	-	85	-
<b>Restricted:</b>			
Endowments	-	-	-
Library	-	-	-
Debt service	-	-	-
Bond ordinance	-	-	-
Capital improvements	382,808	-	-
Franchise agreement	-	-	-
Special assessments	-	-	-
Claims	-	-	8,120
Iowa Finance Authority trust	-	-	-
Community programs	-	1,508,620	-
Committed, capital improvements	-	-	-
Unassigned	-	(377,363)	-
Total Fund Balances	<u>824,905</u>	<u>1,131,342</u>	<u>8,120</u>
Total Liabilities and Fund Balances	<u>\$ 1,031,974</u>	<u>\$ 1,239,393</u>	<u>\$ 405,539</u>

EXHIBIT A-1

Special Revenue Funds					
Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	IFA Housing Trust	Debt Service
\$ 385	\$ 479,937	\$ 192,657	\$ 207,325	\$ 410,980	\$ 112,849
-	-	-	-	-	2,489
-	-	-	-	-	122,140
-	-	151,990	-	-	-
560,485	-	-	-	-	-
-	39,193	626	690	-	370
-	-	-	-	-	-
-	-	-	-	-	-
-	2,198,962	-	-	-	-
<u>\$ 560,870</u>	<u>\$ 2,718,092</u>	<u>\$ 345,273</u>	<u>\$ 208,015</u>	<u>\$ 410,980</u>	<u>\$ 237,848</u>
\$ -	\$ 52,943	\$ 5,904	\$ 2,502	\$ -	\$ -
-	-	19,013	-	-	-
-	-	-	-	-	-
-	-	-	-	-	122,140
530,950	-	-	-	-	100
<u>530,950</u>	<u>52,943</u>	<u>24,917</u>	<u>2,502</u>	<u>-</u>	<u>122,240</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	205,513	-	-
-	-	-	-	-	115,608
-	2,198,962	-	-	-	-
-	466,187	-	-	-	-
-	-	320,356	-	-	-
29,920	-	-	-	-	-
-	-	-	-	410,980	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,920</u>	<u>2,665,149</u>	<u>320,356</u>	<u>205,513</u>	<u>410,980</u>	<u>115,608</u>
<u>\$ 560,870</u>	<u>\$ 2,718,092</u>	<u>\$ 345,273</u>	<u>\$ 208,015</u>	<u>\$ 410,980</u>	<u>\$ 237,848</u>

(Continued)

**CITY OF DUBUQUE, IOWA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<u>Capital Projects Funds</u>	
	<u>Airport Construction</u>	<u>Sales Tax Construction</u>
<b>ASSETS</b>		
Cash and pooled cash investments	\$ 1,156,219	\$ 1,836,889
Receivables		
Property tax		
Delinquent	-	-
Succeeding year	-	-
Accounts and other	-	-
Special assessments	-	-
Accrued interest	3,063	5,371
Notes	-	-
Intergovernmental	365,203	833,071
Inventory	-	-
Restricted cash and pooled cash investments	-	-
Total Assets	<u>\$ 1,524,485</u>	<u>\$ 2,675,331</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 274,685	\$ 378,013
Accrued payroll	-	-
Intergovernmental payable	-	-
Deferred revenue		
Succeeding year property tax	-	-
Other	48,645	565,984
Total Liabilities	<u>323,330</u>	<u>943,997</u>
<b>FUND BALANCES</b>		
<b>Nonspendable:</b>		
Endowment corpus	-	-
Inventory	-	-
Long-term notes receivable	-	-
<b>Restricted:</b>		
Endowments	-	-
Library	-	-
Debt service	-	-
Bond ordinance	-	-
Capital improvements	1,201,155	-
Franchise agreement	-	-
Special assessments	-	-
Claims	-	-
Iowa Finance Authority trust	-	-
Community programs	-	-
Committed, capital improvements	-	1,731,334
Unassigned	-	-
Total Fund Balances	<u>1,201,155</u>	<u>1,731,334</u>
Total Liabilities and Fund Balances	<u>\$ 1,524,485</u>	<u>\$ 2,675,331</u>

EXHIBIT A-1  
(Continued)

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ -	\$ -	\$ 5,733,109
-	-	11,138
-	-	519,030
-	-	169,395
-	-	560,485
110	23	53,089
-	-	590
-	-	1,651,642
-	-	442,097
<u>109,556</u>	<u>12,045</u>	<u>2,338,959</u>
<u>\$ 109,666</u>	<u>\$ 12,068</u>	<u>\$ 11,479,534</u>
\$ -	\$ -	\$ 868,878
-	-	120,344
-	-	58,958
-	-	519,030
-	-	<u>1,146,208</u>
-	-	<u>2,713,418</u>
57,412	12,000	69,412
-	-	442,097
-	-	83
52,254	68	52,322
-	-	205,513
-	-	115,608
-	-	2,198,962
-	-	2,050,150
-	-	320,356
-	-	29,920
-	-	8,120
-	-	410,980
-	-	1,508,620
-	-	1,731,334
-	-	<u>(377,363)</u>
<u>109,666</u>	<u>12,068</u>	<u>8,766,116</u>
<u>\$ 109,666</u>	<u>\$ 12,068</u>	<u>\$ 11,479,534</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Road Use Tax	Section VIII Housing	Tort Liability
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 404,112
Special assessments	-	-	-
Intergovernmental	5,381,901	4,995,633	-
Charges for services	-	-	-
Investment earnings	2,689	13,140	-
Contributions	-	-	-
Miscellaneous	83,089	15,207	-
Total Revenues	<u>5,467,679</u>	<u>5,023,980</u>	<u>404,112</u>
<b>EXPENDITURES</b>			
Governmental activities			
Current			
Public safety	-	91,215	-
Public works	7,170,174	-	-
Culture and recreation	-	-	-
Community and economic development	-	4,167,589	-
General government	38,540	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital projects	-	-	-
Total Expenditures	<u>7,208,714</u>	<u>4,258,804</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,741,035)</u>	<u>765,176</u>	<u>404,112</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Discount on bonds	-	-	-
Premium on bonds	-	-	-
Issuance of refunding bonds	-	-	-
Refunded bonds redeemed	-	-	-
Transfers in	1,924,859	65,520	-
Transfers out	(630,338)	-	(405,169)
Insurance recovery	-	-	-
Total Other Financing Sources (Uses)	<u>1,294,521</u>	<u>65,520</u>	<u>(405,169)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(446,514)</u>	<u>830,696</u>	<u>(1,057)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>1,271,419</u>	<u>300,646</u>	<u>9,177</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 824,905</u>	<u>\$ 1,131,342</u>	<u>\$ 8,120</u>

EXHIBIT A-2

Special Revenue					
Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	IFA Housing Trust	Debt Service
\$ -	\$ 8,358,387	\$ -	\$ -	\$ -	\$ 129,970
232,535	-	-	-	-	-
-	-	-	-	314,500	27,598
-	-	-	-	-	-
44,255	-	2,059	2,771	-	537
-	-	-	208,388	-	-
18,155	29,024	616,865	-	-	-
<u>294,945</u>	<u>8,387,411</u>	<u>618,924</u>	<u>211,159</u>	<u>314,500</u>	<u>158,105</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	132,890	-	-
-	2,733,156	-	-	53,520	-
-	-	671,877	-	-	-
-	1,015,503	-	-	-	1,773,865
-	2,740,596	-	-	-	563,190
-	-	-	-	-	-
-	<u>6,489,255</u>	<u>671,877</u>	<u>132,890</u>	<u>53,520</u>	<u>2,337,055</u>
<u>294,945</u>	<u>1,898,156</u>	<u>(52,953)</u>	<u>78,269</u>	<u>260,980</u>	<u>(2,178,950)</u>
-	5,860,700	-	-	-	1,136,022
-	(38,911)	-	-	-	(636)
-	-	-	-	-	1,642
-	-	-	-	-	705,000
-	-	-	-	-	(690,000)
-	100,000	-	-	-	1,520,658
(307,243)	(8,082,093)	-	(79,502)	-	(453,816)
-	-	-	-	-	-
<u>(307,243)</u>	<u>(2,160,304)</u>	<u>-</u>	<u>(79,502)</u>	<u>-</u>	<u>2,218,870</u>
(12,298)	(262,148)	(52,953)	(1,233)	260,980	39,920
<u>42,218</u>	<u>2,927,297</u>	<u>373,309</u>	<u>206,746</u>	<u>150,000</u>	<u>75,688</u>
<u>\$ 29,920</u>	<u>\$ 2,665,149</u>	<u>\$ 320,356</u>	<u>\$ 205,513</u>	<u>\$ 410,980</u>	<u>\$ 115,608</u>

(Continued)

CITY OF DUBUQUE, IOWA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Capital Projects	
	Airport Construction	Sales Tax Construction
REVENUES		
Taxes	\$ -	\$ 1,585,952
Special assessments	-	-
Intergovernmental	1,263,764	-
Charges for services	202,365	-
Investment earnings	13,227	21,516
Contributions	-	-
Miscellaneous	-	25
Total Revenues	<u>1,479,356</u>	<u>1,607,493</u>
EXPENDITURES		
Governmental activities		
Current		
Public safety	-	-
Public works	-	-
Culture and recreation	-	-
Community and economic development	-	-
General government	-	-
Debt service		
Principal	-	-
Interest and fiscal charges	-	-
Capital projects	<u>2,052,238</u>	<u>1,824,325</u>
Total Expenditures	<u>2,052,238</u>	<u>1,824,325</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(572,882)</u>	<u>(216,832)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	-	-
Discount on bonds	-	-
Premium on bonds	-	-
Issuance of refunding bonds	-	-
Refunded bonds redeemed	-	-
Transfers in	324,485	509,576
Transfers out	(23,946)	(415,946)
Insurance recovery	<u>600,826</u>	-
Total Other Financing Sources (Uses)	<u>901,365</u>	<u>93,630</u>
NET CHANGE IN FUND BALANCES	328,483	(123,202)
FUND BALANCES, BEGINNING	<u>872,672</u>	<u>1,854,536</u>
FUND BALANCES, ENDING	<u>\$ 1,201,155</u>	<u>\$ 1,731,334</u>

EXHIBIT A-2  
(Continued)

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ -	\$ -	\$ 10,478,421
-	-	232,535
-	-	11,983,396
-	-	202,365
23,316	96	123,506
-	-	208,388
-	-	762,365
<u>23,316</u>	<u>96</u>	<u>23,991,076</u>
-	-	91,215
-	-	7,170,174
2,132	7,371	142,393
-	-	6,954,265
-	-	710,417
-	-	2,789,368
-	-	3,303,786
-	-	3,876,563
<u>2,132</u>	<u>7,371</u>	<u>25,038,181</u>
<u>21,184</u>	<u>(7,275)</u>	<u>(1,047,105)</u>
-	-	6,996,722
-	-	(39,547)
-	-	1,642
-	-	705,000
-	-	(690,000)
-	5,140	4,450,238
-	-	(10,398,053)
-	-	600,826
-	<u>5,140</u>	<u>1,626,828</u>
21,184	(2,135)	579,723
<u>88,482</u>	<u>14,203</u>	<u>8,186,393</u>
<u>\$ 109,666</u>	<u>\$ 12,068</u>	<u>\$ 8,766,116</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.

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2011**

EXHIBIT B-1

	Refuse Collection	Transit System	Salt	Total Other Enterprise Funds
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and pooled cash investments	\$ 1,371,578	\$ 100	\$ 103,415	\$ 1,475,093
Receivables				
Accounts	332,895	774	-	333,669
Accrued interest	4,270	-	338	4,608
Intergovernmental	-	1,760,905	-	1,760,905
Inventories	-	28,245	-	28,245
Prepaid items	-	-	-	-
Total Current Assets	<u>1,708,743</u>	<u>1,790,024</u>	<u>103,753</u>	<u>3,602,520</u>
<b>NONCURRENT ASSETS</b>				
Capital assets				
Land	-	36,000	-	36,000
Buildings	-	1,887,564	-	1,887,564
Machinery and equipment	1,655,327	4,486,378	-	6,141,705
Construction in progress	-	82,672	-	82,672
Accumulated depreciation	<u>(1,345,449)</u>	<u>(3,895,195)</u>	-	<u>(5,240,644)</u>
Net Capital Assets	<u>309,878</u>	<u>2,597,419</u>	-	<u>2,907,297</u>
Total Noncurrent Assets	<u>309,878</u>	<u>2,597,419</u>	-	<u>2,907,297</u>
<b>Total Assets</b>	<u>2,018,621</u>	<u>4,387,443</u>	<u>103,753</u>	<u>6,509,817</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	9,677	24,144	-	33,821
Accrued payroll	57,418	66,571	-	123,989
General obligation bonds payable - current	2,787	-	-	2,787
Accrued compensated absences	127,138	8,319	-	135,457
Accrued interest payable	180	-	-	180
Due to other funds	-	107,173	-	107,173
Total Current Liabilities	<u>197,200</u>	<u>206,207</u>	-	<u>403,407</u>
<b>NONCURRENT LIABILITIES</b>				
General obligation bonds payable (net of premium of \$63)	67,223	-	-	67,223
Net OPEB liability	<u>99,076</u>	<u>29,348</u>	-	<u>128,424</u>
Total Noncurrent Liabilities	<u>166,299</u>	<u>29,348</u>	-	<u>195,647</u>
<b>Total Liabilities</b>	<u>363,499</u>	<u>235,555</u>	-	<u>599,054</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	307,016	2,597,419	-	2,904,435
Unrestricted	<u>1,348,106</u>	<u>1,554,469</u>	<u>103,753</u>	<u>3,006,328</u>
Total Net Assets	<u>\$ 1,655,122</u>	<u>\$ 4,151,888</u>	<u>\$ 103,753</u>	<u>\$ 5,910,763</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

EXHIBIT B-2

	Refuse Collection	Transit System	Salt	Total Other Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 3,079,243	\$ 177,486	\$ 773,258	\$ 4,029,987
Other	2,954	15,750	-	18,704
Total Operating Revenues	<u>3,082,197</u>	<u>193,236</u>	<u>773,258</u>	<u>4,048,691</u>
<b>OPERATING EXPENSES</b>				
Employee expense	1,812,723	1,350,911	-	3,163,634
Utilities	15,692	55,210	-	70,902
Repairs and maintenance	239,597	330,210	-	569,807
Supplies and services	666,842	860,061	671,647	2,198,550
Insurance	26,593	37,561	-	64,154
Depreciation	65,640	309,770	-	375,410
Total Operating Expenses	<u>2,827,087</u>	<u>2,943,723</u>	<u>671,647</u>	<u>6,442,457</u>
OPERATING INCOME (LOSS)	<u>255,110</u>	<u>(2,750,487)</u>	<u>101,611</u>	<u>(2,393,766)</u>
<b>NONOPERATING REVENUES</b>				
Intergovernmental	14,187	2,440,612	-	2,454,799
Investment earnings	17,844	-	2,142	19,986
Interest expense	(1,804)	-	-	(1,804)
Gain (loss) on disposal of assets	124	(4,235)	-	(4,111)
Net Nonoperating Revenues	<u>30,351</u>	<u>2,436,377</u>	<u>2,142</u>	<u>2,468,870</u>
INCOME (LOSS) BEFORE TRANSFERS	285,461	(314,110)	103,753	75,104
TRANSFERS IN	-	1,883,498	-	1,883,498
TRANSFERS OUT	-	-	-	-
CHANGE IN NET ASSETS	285,461	1,569,388	103,753	1,958,602
NET ASSETS, BEGINNING	<u>1,369,661</u>	<u>2,582,500</u>	<u>-</u>	<u>3,952,161</u>
NET ASSETS, ENDING	<u>\$ 1,655,122</u>	<u>\$ 4,151,888</u>	<u>\$ 103,753</u>	<u>\$ 5,910,763</u>

COMBINING CITY OF DUBUQUE, IOWA  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2011

EXHIBIT B-3

	Refuse Collection	Transit System	Salt	Total Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 3,084,062	\$ 178,765	\$ 773,258	\$ 4,036,085
Cash payments to suppliers for goods and services	(948,749)	(1,292,846)	(671,647)	(2,913,242)
Cash payments to employees for services	(1,801,138)	(1,334,151)	-	(3,135,289)
Other operating receipts	2,954	15,750	-	18,704
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>337,129</u>	<u>(2,432,482)</u>	<u>101,611</u>	<u>(1,993,742)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	1,883,498	-	1,883,498
Transfers to other funds	-	-	-	-
Proceeds from interfund balances	-	107,173	-	107,173
Payment of interfund balances	-	(6,465)	-	(6,465)
Intergovernmental grant proceeds	14,187	1,674,410	-	1,688,597
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<u>14,187</u>	<u>3,658,616</u>	<u>-</u>	<u>3,672,803</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	124	23,893	-	24,017
Acquisition and construction of capital assets	(20,838)	(1,249,927)	-	(1,270,765)
Proceeds from issuance of debt	69,946	-	-	69,946
Interest paid	(1,740)	-	-	(1,740)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>47,492</u>	<u>(1,226,034)</u>	<u>-</u>	<u>(1,178,542)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	16,139	-	1,804	17,943
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>16,139</u>	<u>-</u>	<u>1,804</u>	<u>17,943</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	414,947	100	103,415	518,462
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>956,631</u>	<u>-</u>	<u>-</u>	<u>956,631</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 1,371,578</u>	<u>\$ 100</u>	<u>\$ 103,415</u>	<u>\$ 1,475,093</u>

(Continued)

CITY OF DUBUQUE, IOWA  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2011

EXHIBIT B-3  
 (continued)

	Business-type Activities - Enterprise Funds			
	Refuse Collection	Transit System	Salt	Total Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 255,110	\$ (2,750,487)	\$ 101,611	\$ (2,393,766)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	65,640	309,770	-	375,410
Change in assets and liabilities				
Decrease in receivables	4,819	1,279	-	6,098
(Increase) in inventories and prepaid items	-	(1,751)	-	(1,751)
(Decrease) in accounts payable	(25)	(8,053)	-	(8,078)
(Decrease) in accrued liabilities	(4,611)	11,092	-	6,481
Increase in net OPEB liability	16,196	5,668	-	21,864
Total Adjustments	82,019	318,005	-	400,024
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 337,129	\$ (2,432,482)	\$ 101,611	\$ (1,993,742)
Amortization of bond discount	\$ 64	\$ -	\$ -	\$ 64

# 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 ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2011**

	General Service	Garage Service	Stores/ Printing
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash investments	\$ 2,501	\$ 113,405	\$ 13
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	64,398	6,452
Prepaid items	-	-	-
Total Current Assets	<u>2,501</u>	<u>177,803</u>	<u>6,465</u>
<b>NONCURRENT ASSETS</b>			
<b>Capital assets</b>			
Machinery and equipment	-	101,738	-
Accumulated depreciation	-	<u>(62,715)</u>	-
Net Capital Assets	-	<u>39,023</u>	-
Total Noncurrent Assets	-	<u>39,023</u>	-
Total Assets	<u>2,501</u>	<u>216,826</u>	<u>6,465</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	-	30,589	1
Accrued payroll	<u>22,617</u>	<u>36,104</u>	-
Total Liabilities	<u>22,617</u>	<u>66,693</u>	<u>1</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	39,023	-
Unrestricted	<u>(20,116)</u>	<u>111,110</u>	<u>6,464</u>
Total Net Assets (Deficit)	<u>\$ (20,116)</u>	<u>\$ 150,133</u>	<u>\$ 6,464</u>

Exhibit C-1

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 1,025,154	\$ 33,255	\$ 1,174,328
182,834	-	182,834
3,358	109	3,467
-	-	70,850
48,595	-	48,595
<u>1,259,941</u>	<u>33,364</u>	<u>1,480,074</u>
-	-	101,738
-	-	<u>(62,715)</u>
-	-	<u>39,023</u>
-	-	<u>39,023</u>
<u>1,259,941</u>	<u>33,364</u>	<u>1,519,097</u>
262,969	987,017	1,280,576
-	-	<u>58,721</u>
<u>262,969</u>	<u>987,017</u>	<u>1,339,297</u>
-	-	39,023
<u>996,972</u>	<u>(953,653)</u>	<u>140,777</u>
<u>\$ 996,972</u>	<u>\$ (953,653)</u>	<u>\$ 179,800</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (DEFICIT)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	General Service	Garage Service	Stores/ Printing
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 1,712,648	\$ 1,898,858	\$ 45,464
Other	-	22,207	-
Total Operating Revenues	<u>1,712,648</u>	<u>1,921,065</u>	<u>45,464</u>
<b>OPERATING EXPENSES</b>			
Employee expense	1,695,221	867,533	-
Utilities	-	23,637	-
Repairs and maintenance	-	24,001	-
Supplies and services	5,878	1,116,740	47,480
Insurance	13,106	16,645	-
Depreciation	-	10,259	-
Total Operating Expenses	<u>1,714,205</u>	<u>2,058,815</u>	<u>47,480</u>
OPERATING INCOME (LOSS)	(1,557)	(137,750)	(2,016)
<b>NONOPERATING REVENUES</b>			
Investment earnings	-	-	-
Total Nonoperating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS	(1,557)	(137,750)	(2,016)
TRANSFERS IN	-	-	-
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(1,557)	(137,750)	(2,016)
NET ASSETS (DEFICIT), BEGINNING	<u>(18,559)</u>	<u>287,883</u>	<u>8,480</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ (20,116)</u>	<u>\$ 150,133</u>	<u>\$ 6,464</u>

EXHIBIT C-2

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 5,578,726	\$ 660,679	\$ 9,896,375
-	-	22,207
<u>5,578,726</u>	<u>660,679</u>	<u>9,918,582</u>
6,674,473	-	9,237,227
-	-	23,637
-	-	24,001
106,975	963,413	2,240,486
-	-	29,751
-	-	10,259
<u>6,781,448</u>	<u>963,413</u>	<u>11,565,361</u>
(1,202,722)	(302,734)	(1,646,779)
<u>10,912</u>	<u>2,864</u>	<u>13,776</u>
<u>10,912</u>	<u>2,864</u>	<u>13,776</u>
(1,191,810)	(299,870)	(1,633,003)
475,000	200,000	675,000
-	-	-
(716,810)	(99,870)	(958,003)
<u>1,713,782</u>	<u>(853,783)</u>	<u>1,137,803</u>
<u>\$ 996,972</u>	<u>\$ (953,653)</u>	<u>\$ 179,800</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2011**

	General Service	Garage Service	Stores/ Printing
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,712,648	\$ 1,903,418	\$ 45,464
Cash payments to suppliers for goods and services	(18,984)	(1,183,552)	(49,123)
Cash payments to employees for services	(1,689,674)	(862,355)	-
Other operating receipts	-	22,207	-
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>3,990</u>	<u>(120,282)</u>	<u>(3,659)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Payment of interfund balances	(1,489)	-	-
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<u>(1,489)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	-	-
<b>NET CASH PROVIDED BY INVESTMENT ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,501	(120,282)	(3,659)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	-	233,687	3,672
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 2,501</u>	<u>\$ 113,405</u>	<u>\$ 13</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating (loss)	\$ (1,557)	\$ (137,750)	\$ (2,016)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities			
Depreciation	-	10,259	-
Change in assets and liabilities			
Decrease in receivables	-	4,560	-
(Increase) in inventories and prepaid items	-	(16,742)	(1,644)
Increase (decrease) in accounts payable	-	14,213	-
(Decrease) in accrued liabilities	5,547	5,178	-
<b>Total Adjustments</b>	<u>5,547</u>	<u>17,468</u>	<u>(1,643)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 3,990</u>	<u>\$ (120,282)</u>	<u>\$ (3,659)</u>

EXHIBIT C-3

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 5,397,475	\$ 660,679	\$ 9,719,684
(372,371)	(884,006)	(2,508,036)
(6,674,473)	-	(9,226,502)
-	-	22,207
<u>(1,649,369)</u>	<u>(223,327)</u>	<u>(1,992,647)</u>
475,000	200,000	675,000
-	-	-
-	-	(1,489)
<u>475,000</u>	<u>200,000</u>	<u>673,511</u>
13,415	2,899	16,314
<u>13,415</u>	<u>2,899</u>	<u>16,314</u>
(1,160,954)	(20,428)	(1,302,822)
<u>2,186,108</u>	<u>53,683</u>	<u>2,477,150</u>
\$ <u>1,025,154</u>	\$ <u>33,255</u>	\$ <u>1,174,328</u>
\$ (1,202,722)	\$ (302,734)	\$ (1,646,779)
-	-	10,259
(181,251)	-	(176,691)
(48,595)	-	(66,981)
(216,801)	79,407	(123,180)
-	-	10,725
<u>(446,647)</u>	<u>79,407</u>	<u>(345,868)</u>
\$ (1,649,369)	\$ (223,327)	\$ (1,992,647)

# AGENCY FUNDS

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

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

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

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**EXHIBIT D-1**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>CABLE EQUIPMENT FUND</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 163,759	\$ 216,707	\$ 201,251	\$ 179,215
Accounts receivable	5,700	53,197	5,700	53,197
Total Assets	<u>\$ 169,459</u>	<u>\$ 269,904</u>	<u>\$ 206,951</u>	<u>\$ 232,412</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 14,988	\$ 11,174	\$ 14,988	\$ 11,174
Due to other agency	154,471	66,767	-	221,238
Total Liabilities	<u>\$ 169,459</u>	<u>\$ 77,941</u>	<u>\$ 14,988</u>	<u>\$ 232,412</u>
<b>DOG TRACK DEPRECIATION FUND</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 936,016	\$ 133,599	\$ 987	\$ 1,068,628
Accrued interest	2,510	3,498	2,510	3,498
Total Assets	<u>\$ 938,526</u>	<u>\$ 137,097</u>	<u>\$ 3,497</u>	<u>\$ 1,072,126</u>
<b>LIABILITIES</b>				
Due to other agency	<u>\$ 938,526</u>	<u>\$ 137,097</u>	<u>\$ 3,497</u>	<u>\$ 1,072,126</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 1,099,775	\$ 350,306	\$ 202,238	\$ 1,247,843
Accounts receivable	5,700	53,197	5,700	53,197
Accrued interest	2,510	3,498	2,510	3,498
Total Assets	<u>\$ 1,107,985</u>	<u>\$ 407,001</u>	<u>\$ 210,448</u>	<u>\$ 1,304,538</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 14,988	\$ 11,174	\$ 14,988	\$ 11,174
Due to other agency	1,092,997	203,864	3,497	1,293,364
Total Liabilities	<u>\$ 1,107,985</u>	<u>\$ 215,038</u>	<u>\$ 18,485</u>	<u>\$ 1,304,538</u>



**Statistical Section (Unaudited)**  
**June 30, 2011**  
**City of Dubuque, Iowa**



# CITY OF DUBUQUE, IOWA

## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	110
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	120
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	124
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	134
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	136

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**CITY OF DUBUQUE, IOWA**  
**NET ASSET BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 212,767,403	\$ 231,863,231	\$ 249,881,646	\$ 267,762,059
Restricted	29,306,124	31,931,803	24,180,874	21,693,357
Unrestricted	<u>11,528,644</u>	<u>11,322,661</u>	<u>11,236,870</u>	<u>15,132,486</u>
Total governmental activities net assets	<u>\$ 253,602,171</u>	<u>\$ 275,117,695</u>	<u>\$ 285,299,390</u>	<u>\$ 304,587,902</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 98,706,116	\$ 92,301,043	\$ 93,036,089	\$ 88,802,536
Restricted	553,677	554,005	554,205	554,294
Unrestricted	<u>6,308,801</u>	<u>10,502,939</u>	<u>12,854,730</u>	<u>13,258,072</u>
Total business-type activities net assets	<u>\$ 105,568,594</u>	<u>\$ 103,357,987</u>	<u>\$ 106,445,024</u>	<u>\$ 102,614,902</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 311,473,519	\$ 324,164,274	\$ 342,917,735	\$ 356,564,595
Restricted	29,859,801	32,485,808	24,735,079	22,247,651
Unrestricted	<u>17,837,445</u>	<u>21,825,600</u>	<u>24,091,600</u>	<u>28,390,558</u>
Total primary government net assets	<u>\$ 359,170,765</u>	<u>\$ 378,475,682</u>	<u>\$ 391,744,414</u>	<u>\$ 407,202,804</u>

TABLE 1

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

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
<b>Governmental activities:</b>				
Public safety	\$ 15,817,052	\$ 16,605,481	\$ 18,636,877	\$ 18,892,980
Public works	14,453,558	12,847,410	17,088,983	16,390,322
Health and social services	815,524	1,290,619	654,469	678,748
Culture and recreation	7,367,147	7,849,114	8,474,183	9,627,505
Community and economic development	9,431,702	12,662,552	9,680,046	8,541,167
General government	4,211,922	3,773,136	4,048,475	3,868,687
Interest on long-term debt	1,605,326	1,248,498	1,298,367	1,460,730
<b>Total governmental activities expenses</b>	<b>53,702,231</b>	<b>56,276,810</b>	<b>59,881,400</b>	<b>59,460,139</b>
<b>Business-type activities:</b>				
Sewage disposal works	4,655,696	5,282,016	4,656,172	5,298,353
Water utility	4,145,983	4,368,738	4,232,489	4,700,483
Stormwater utility	-	1,184,968	1,114,811	1,153,628
Parking facilities	1,445,434	1,655,429	1,604,071	1,629,427
America's River Project	414,830	1,064,701	515,570	82,617
Refuse collection	2,140,807	2,238,254	2,202,800	2,463,795
Transit system	2,055,248	2,257,078	2,326,908	2,555,080
Salt	-	-	-	-
<b>Total business-type activities expenses</b>	<b>14,857,998</b>	<b>18,051,184</b>	<b>16,652,821</b>	<b>17,883,383</b>
<b>Total primary government expenses</b>	<b>\$ 68,560,229</b>	<b>\$ 74,327,994</b>	<b>\$ 76,534,221</b>	<b>\$ 77,343,522</b>
<b>Program Revenues</b>				
<b>Governmental activities:</b>				
<b>Charges for services</b>				
Public safety	\$ 1,586,255	\$ 1,785,787	\$ 1,900,938	\$ 1,809,481
Public works	3,367,720	3,392,650	3,371,073	3,370,291
Culture and recreation	2,145,435	2,282,983	2,143,246	2,218,315
Other activities	764,732	873,457	945,712	895,920
Operating grants and contributions	13,677,503	12,197,307	14,603,106	12,902,410
Capital grants and contributions	3,447,052	5,153,258	6,919,296	6,881,573
<b>Total governmental activities program revenues</b>	<b>24,988,697</b>	<b>25,685,442</b>	<b>29,883,371</b>	<b>28,077,990</b>
<b>Business-type activities:</b>				
<b>Charges for services</b>				
Sewage disposal works	4,300,156	4,719,491	4,552,587	5,077,491
Water utility	3,975,598	4,307,238	4,224,074	4,669,340
Stormwater utility	-	754,101	684,570	928,850
Parking facilities	1,427,146	1,643,490	1,889,937	1,886,642
America's River Project	147,695	881,089	26,061	51,373
Refuse collection	1,981,105	2,157,285	2,283,677	2,397,525
Transit system	201,367	319,216	389,106	341,743
Salt	-	-	-	-
Operating grants and contributions	880,822	825,538	651,967	920,762
Capital grants and contributions	11,938,797	11,007,676	3,030,378	2,769,657
<b>Total business-type activities program revenues</b>	<b>24,852,686</b>	<b>26,615,124</b>	<b>17,732,357</b>	<b>19,043,383</b>
<b>Total primary government program revenues</b>	<b>\$ 49,841,383</b>	<b>\$ 52,300,566</b>	<b>\$ 47,615,728</b>	<b>\$ 47,121,373</b>

TABLE 2

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

(Continued)

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (28,713,534)	\$ (30,591,368)	\$ (29,998,029)	\$ (31,382,149)
Business-type activities	9,994,688	8,563,940	1,079,536	1,160,000
<b>Total primary government net expense</b>	<u>\$ (18,718,846)</u>	<u>\$ (22,027,428)</u>	<u>\$ (28,918,493)</u>	<u>\$ (30,222,149)</u>
<b>General Revenues and Other Changes In Net Assets</b>				
<b>Governmental activities:</b>				
<b>General Revenues</b>				
Property taxes	\$ 18,041,049	\$ 18,588,367	\$ 19,767,492	\$ 19,716,620
Local option sales tax	6,492,203	7,105,183	6,963,124	7,336,124
Hotel/motel tax	970,232	1,314,114	1,383,660	1,862,439
Utility franchise fees	-	862,275	1,310,064	1,521,201
Gaming	9,539,598	11,631,022	11,694,105	14,034,847
Unrestricted investment earnings	1,749,301	497,361	1,190,337	1,081,141
Gain on sale of capital assets	(149,650)	175,231	170,642	77,627
Other	1,228,232	638,681	560,789	572,602
<b>Transfers</b>	<u>(7,720,462)</u>	<u>10,956,246</u>	<u>(1,684,581)</u>	<u>5,033,974</u>
<b>Total governmental activities</b>	<u>30,150,503</u>	<u>51,768,480</u>	<u>41,355,632</u>	<u>51,236,575</u>
<b>Business-type activities:</b>				
<b>General Revenues</b>				
Property taxes	506,054	-	-	-
Unrestricted investment earnings	321,447	181,674	322,884	339,599
Gain on sale of capital assets	(168,001)	25	36	703
Extraordinary item	-	-	-	-
<b>Transfers</b>	<u>7,720,462</u>	<u>(10,956,246)</u>	<u>1,684,581</u>	<u>(5,033,974)</u>
<b>Total business-type activities</b>	<u>8,379,962</u>	<u>(10,774,547)</u>	<u>2,007,501</u>	<u>(4,693,672)</u>
<b>Total primary government</b>	<u>\$ 38,530,465</u>	<u>\$ 40,993,933</u>	<u>\$ 43,363,133</u>	<u>\$ 46,542,903</u>
<b>Change In Net Assets</b>				
Governmental activities	\$ 1,436,969	\$ 21,177,112	\$ 11,357,603	\$ 19,854,426
Business-type activities	18,374,650	(2,210,607)	3,087,037	(3,533,672)
<b>Total primary government</b>	<u>\$ 19,811,619</u>	<u>\$ 18,966,505</u>	<u>\$ 14,444,640</u>	<u>\$ 16,320,754</u>

TABLE 2  
(Continued)

2007	2008	2009	2010	2011
\$ (20,329,254)	\$ (38,429,466)	\$ (49,163,110)	\$ (40,395,764)	\$ (29,722,923)
(166,421)	825,196	1,330,248	(372,475)	2,746,810
<u>\$ (20,495,675)</u>	<u>\$ (37,604,270)</u>	<u>\$ (47,832,862)</u>	<u>\$ (40,768,239)</u>	<u>\$ (26,976,113)</u>
\$ 21,656,908	\$ 22,744,561	\$ 23,716,819	\$ 24,876,073	\$ 28,249,114
7,817,403	8,020,889	7,649,853	8,112,471	7,929,761
1,569,743	1,622,455	1,611,954	1,678,806	1,826,809
1,492,920	1,516,123	1,486,292	1,591,712	2,488,858
15,556,551	15,346,468	9,627,391	8,209,761	13,327,223
1,870,403	2,741,499	2,215,413	1,339,709	668,363
-	92,525	407,503	-	149,937
586,931	898,241	918,605	880,930	622,494
(7,633)	(2,252,155)	(24,826,982)	(3,104,762)	(1,211,263)
<u>50,543,226</u>	<u>50,730,608</u>	<u>22,806,848</u>	<u>43,584,700</u>	<u>54,051,296</u>
-	-	-	-	-
796,636	630,049	433,148	294,562	184,581
-	11,736	2,304	23,699	19,337
-	-	-	-	(2,253,036)
<u>7,633</u>	<u>2,252,155</u>	<u>24,826,982</u>	<u>3,104,762</u>	<u>1,211,263</u>
<u>804,269</u>	<u>2,893,940</u>	<u>25,262,434</u>	<u>3,423,023</u>	<u>(837,855)</u>
<u>\$ 51,347,495</u>	<u>\$ 53,624,548</u>	<u>\$ 48,069,282</u>	<u>\$ 47,007,723</u>	<u>\$ 53,213,441</u>
\$ 30,213,972	\$ 12,301,142	\$ (26,356,262)	\$ 3,188,936	\$ 24,328,373
637,848	3,719,136	26,592,682	3,050,548	1,908,955
<u>\$ 30,851,820</u>	<u>\$ 16,020,278</u>	<u>\$ 236,420</u>	<u>\$ 6,239,484</u>	<u>\$ 26,237,328</u>

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

	Fiscal Year			
	2003	2004	2005	2006
<b>General Fund</b>				
Reserved	\$ 4,573,723	\$ 3,233,335	\$ 3,169,453	\$ 1,477,141
Unreserved	12,218,787	13,685,063	13,706,134	16,050,997
Nonspendable	*	*	*	*
Assigned	*	*	*	*
Unassigned	*	*	*	*
<b>Total general fund</b>	<b><u>\$ 16,792,510</u></b>	<b><u>\$ 16,918,398</u></b>	<b><u>\$ 16,875,587</u></b>	<b><u>\$ 17,528,138</u></b>
<b>All Other Governmental Funds</b>				
Reserved	\$ 14,525,251	\$ 14,231,390	\$ 13,607,759	\$ 15,564,016
Unreserved, reported in:				
Special revenue funds	11,886,631	9,720,412	5,777,233	7,277,471
Debt service fund	-	(68,569)	(56,320)	-
Capital projects funds	5,846,016	7,353,593	11,191,461	(981,248)
Permanent funds	70,091	71,373	73,628	83,367
Nonspendable	*	*	*	*
Restricted	*	*	*	*
Committed	*	*	*	*
Unassigned	*	*	*	*
<b>Total all other governmental funds</b>	<b><u>\$ 32,327,989</u></b>	<b><u>\$ 31,308,199</u></b>	<b><u>\$ 30,593,761</u></b>	<b><u>\$ 21,943,606</u></b>

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

TABLE 3

2007	2008	2009	2010	2011
\$ 4,455,303	\$ 1,699,825	\$ 4,864,701	\$ 5,199,760	*
17,827,631	17,982,016	14,206,181	8,622,705	*
*	*	*	*	\$ 868,611
*	*	*	*	8,904,490
*	*	*	*	6,139,306
<u>\$ 22,282,934</u>	<u>\$ 19,681,841</u>	<u>\$ 19,070,882</u>	<u>\$ 13,822,465</u>	<u>\$ 15,912,427</u>
\$ 13,942,519	\$ 31,887,038	\$ 19,634,305	\$ 24,404,656	*
				*
7,586,898	7,431,931	5,981,390	4,011,022	*
-	-	-	-	*
4,195,354	7,875,448	5,659,214	(989,025)	*
115,825	33,958	35,550	33,273	*
*	*	*	*	\$ 10,320,305
*	*	*	*	18,010,570
*	*	*	*	5,203,472
*	*	*	*	(377,363)
<u>\$ 25,840,596</u>	<u>\$ 47,228,375</u>	<u>\$ 31,310,459</u>	<u>\$ 27,459,926</u>	<u>\$ 33,156,984</u>

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes	\$ 25,508,936	\$ 27,861,273	\$ 29,430,135	\$ 30,043,167
Special assessments	561,406	717,305	197,195	322,214
Licenses and permits	753,990	1,063,081	1,078,722	965,712
Intergovernmental	17,249,290	17,057,994	18,370,358	15,021,722
Charges for services	5,325,031	5,666,307	5,918,542	6,620,243
Fines and forfeits	465,787	241,572	267,536	204,201
Investment earnings	1,750,519	502,932	1,197,691	1,096,445
Contributions	447,960	345,415	306,809	246,908
Gaming	9,539,598	11,631,022	11,694,105	14,034,847
Miscellaneous	1,312,348	1,139,057	1,573,305	1,106,991
Total revenues	<u>62,914,865</u>	<u>66,225,958</u>	<u>70,034,398</u>	<u>69,662,450</u>
<b>Expenditures</b>				
<b>Current</b>				
Public safety	15,278,654	16,764,510	18,652,246	19,535,369
Public works	11,860,004	10,723,527	21,301,239	11,605,567
Health and social services	749,435	721,906	662,231	715,598
Culture and recreation	7,515,522	7,470,264	8,180,832	9,998,462
Community and economic development	9,010,868	11,924,011	9,825,470	9,981,645
General government	3,835,609	4,227,335	4,022,785	4,090,866
<b>Debt service</b>				
Principal	2,009,986	2,117,773	1,769,960	1,325,970
Interest	1,668,019	1,304,802	1,240,427	1,493,504
Capital projects	9,930,311	6,865,119	8,226,840	14,528,340
Total expenditures	<u>61,858,408</u>	<u>62,119,247</u>	<u>73,882,030</u>	<u>73,275,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,056,457</u>	<u>4,106,711</u>	<u>(3,847,632)</u>	<u>(3,612,871)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	-	-	13,682
Discount on bonds	-	-	(58,487)	-
Premiums on bonds	-	-	-	-
Issuance of refunding bonds	150,000	795,000	7,277,665	1,515,750
Payment to refunded bonds escrow agent	(150,000)	-	-	(1,494,371)
Transfers in	5,367,986	8,662,300	12,981,655	7,334,605
Transfers out	(21,073,805)	(15,060,669)	(16,105,184)	(11,904,890)
Insurance recovery	-	-	-	-
Sale of capital assets	117,239	264,344	170,642	150,491
Total other financing sources (uses)	<u>(15,588,580)</u>	<u>(5,339,025)</u>	<u>4,266,291</u>	<u>(4,384,733)</u>
Net change in fund balances	<u>\$ (14,532,123)</u>	<u>\$ (1,232,314)</u>	<u>\$ 418,659</u>	<u>\$ (7,997,604)</u>
Debt service as a percentage of noncapital expenditures	7.37%	6.32%	5.46%	4.99%

TABLE 4

	2007	2008	2009	2010	2011
\$	32,526,525	\$ 33,898,692	\$ 34,454,146	\$ 36,252,156	\$ 40,428,894
	586,459	177,585	250,372	318,178	232,535
	1,052,896	1,153,429	1,088,386	1,115,472	1,170,922
	16,744,703	14,256,523	15,796,822	27,310,624	26,171,082
	7,351,191	7,833,151	8,029,189	8,063,284	8,723,086
	158,360	188,603	199,839	224,601	454,117
	1,913,420	2,731,953	2,206,382	1,348,615	654,587
	1,168,463	6,134,002	1,369,759	2,333,995	1,297,621
	15,556,551	15,346,468	9,627,391	8,209,761	13,327,223
	1,149,546	1,269,376	1,600,679	2,111,834	2,075,262
	<u>78,208,114</u>	<u>82,989,782</u>	<u>74,622,965</u>	<u>87,288,520</u>	<u>94,535,329</u>
	20,743,196	21,542,661	21,335,192	21,979,729	23,950,386
	12,506,378	16,331,107	14,261,551	19,251,623	14,429,415
	783,209	797,644	815,873	813,609	1,040,114
	10,244,244	10,277,787	12,227,506	14,909,517	11,279,951
	11,695,902	11,847,512	11,953,279	14,654,816	12,361,176
	4,441,043	6,310,939	5,836,839	6,368,308	7,686,929
	1,663,339	1,762,375	2,169,678	2,651,765	2,820,371
	1,412,012	2,406,431	3,095,166	3,145,735	3,321,157
	<u>8,227,257</u>	<u>15,351,848</u>	<u>24,274,120</u>	<u>14,831,118</u>	<u>15,102,893</u>
	<u>71,716,580</u>	<u>86,628,304</u>	<u>95,969,204</u>	<u>98,606,222</u>	<u>91,992,392</u>
	<u>6,491,334</u>	<u>(3,638,522)</u>	<u>(21,346,239)</u>	<u>(11,317,702)</u>	<u>2,542,937</u>
	743,591	23,083,696	5,905,000	4,722,176	6,996,722
	-	(266,158)	(48,516)	(31,590)	(39,547)
	-	-	-	554,796	1,642
	-	2,965,000	-	8,885,000	705,000
	-	(2,875,000)	-	(9,405,000)	(690,000)
	10,394,726	14,801,589	7,451,152	7,993,297	15,850,523
	(11,789,548)	(18,185,109)	(9,084,228)	(10,562,137)	(18,961,892)
	-	-	-	-	628,482
	<u>2,811,483</u>	<u>2,901,190</u>	<u>593,956</u>	<u>62,610</u>	<u>753,153</u>
	<u>2,160,252</u>	<u>22,425,208</u>	<u>4,817,364</u>	<u>2,218,752</u>	<u>5,244,083</u>
\$	<u>8,651,786</u>	<u>\$ 18,786,686</u>	<u>\$ (16,528,875)</u>	<u>\$ (9,098,950)</u>	<u>\$ 7,787,020</u>
	5.01%	6.55%	7.68%	7.74%	8.49%

**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		Ratio of Total Taxable Value to Total Assessed Value	Total Direct Tax Rate
		Taxable Value	Assessed Value	Real Property	Taxable Value	Assessed Value		
2000	2002	\$ 1,429,025	\$ 2,050,019	\$ 10,097	\$ 1,418,928	\$ 2,050,019	69.22 %	\$ 10.76080
2001	2003	1,540,206	2,317,926	10,141	1,530,065	2,317,926	66.01	10.21200
2002	2004	1,572,776	2,350,317	9,694	1,563,082	2,350,317	66.51	10.27303
2003	2005	1,666,033	2,575,400	9,599	1,656,434	2,575,400	64.32	10.07200
2004	2006	1,710,334	2,679,078	9,862	1,700,472	2,679,078	63.47	9.69910
2005	2007	1,780,354	2,804,568	9,122	1,771,232	2,804,568	63.16	9.98030
2006	2008	1,823,304	2,870,178	8,939	1,814,365	2,870,178	63.21	10.31690
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	10.02741

**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 Independent Schools	Area 1 Voc. Tech	Dubuque County	Total	Ratio of Dubuque City to Total
2000	2002	\$ 10.76080	\$ 13.50444	\$ 0.54806	\$ 0.57072	\$ 5.73669	\$ 31.12071	34.58 %
2001	2003	10.21200	13.73882	0.55492	0.57507	5.60064	30.68145	33.28
2002	2004	10.27303	13.84768	0.61686	0.57791	5.59515	30.91063	33.23
2003	2005	10.07200	14.27491	0.57269	0.59804	6.08923	31.60687	31.87
2004	2006	9.69910	15.09695	0.60226	0.60517	6.08416	32.08764	30.23
2005	2007	9.98033	15.92538	0.60802	0.61127	6.17924	33.30424	29.97
2006	2008	10.31690	16.40925	0.63160	0.61270	6.42691	34.39736	29.99
2007	2009	9.96904	16.89000	0.95250	0.55713	6.41459	34.78326	28.66
2008	2010	9.85777	16.87918	0.57970	0.99471	6.40435	34.71571	28.40
2009	2011	10.02742	16.88349	0.55740	1.03532	6.50193	35.00556	28.65

Separate components of the Dubuque City Rate is as follows:

Levy Year	Fiscal Year	General	Public Transit	Insurance	Employee Benefits	Debt Service	Total
2000	2002	\$ 8.10000	\$ 0.26680	\$ 0.15287	\$ 1.53298	\$ 0.70815	\$ 10.76080
2001	2003	8.10000	0.31269	0.14642	1.24862	0.40427	10.21200
2002	2004	8.10000	0.32633	0.17342	1.51270	0.16058	10.27303
2003	2005	8.10000	0.37993	0.20994	1.25424	0.12789	10.07200
2004	2006	8.10000	0.42561	0.22000	0.95349	-	9.69910
2005	2007	8.10000	0.53643	0.21308	1.13082	-	9.98033
2006	2008	8.10000	0.60729	0.21760	1.39201	-	10.31690
2007	2009	8.10000	0.66727	0.08685	1.11492	-	9.96904
2008	2010	8.10000	0.60000	0.21492	0.90583	0.03702	9.85777
2009	2011	8.10000	0.54469	0.20531	1.12441	0.05300	10.02741

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**

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable</u>	<u>Rank</u>	<u>Percentage of</u>	<u>Taxable</u>	<u>Rank</u>	<u>Percentage of</u>
	<u>Assessed</u>		<u>Total City</u>	<u>Assessed</u>		<u>Total City</u>
	<u>Value</u>		<u>Taxable Assessed</u>	<u>Value</u>		<u>Taxable Assessed</u>
	<u>Value</u>		<u>Value</u>	<u>Value</u>		<u>Value</u>
Peninsula Gaming Company	\$ 56,784	1	1.70 %			
Kennedy Mall	31,133	2	.93	\$ 19,990	1	0.98%
Medical Associates Realty LP	19,157	3	.57	17,886	2	.87
Otto A LLC	17,500	4	.52			
Nordstrom, Inc.	16,884	5	.50	15,532	3	.76
The McGraw Hill Companies Inc.	14,440	6	.43	7,730	7	.38
Platinum Holdings LLC	11,179	7	.33			
Minglewood Limited Partnership	9,948	8	.30			
Asbury Dubuque LLC	9,925	9	.30			
Lexington Dubuque LLC	9,844	10	.29			
Plaza 20 Inc.				8,733	4	.43
U.S. West Communications				8,575	5	.42
Georgia-Pacific Corp./Color-Box, LLC				7,744	6	.38
American Trust & Savings Bank				7,379	8	.36
A.Y. McDonald Manufacturing Co.				6,904	9	.34
Plastic Center, Inc.				6,278	10	.31
	<u>\$ 196,794</u>		<u>5.87%</u>	<u>\$ 106,751</u>		<u>5.23</u>

Effective 2001, utility companies (Alliant Energy/Interstate Power and Aquila Natural Gas) pay excise tax on revenue to the state rather than property taxes.

Source: Dubuque County Auditor's Office.

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

**TABLE 8**

Fiscal Year	Tax Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections (2)	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2002	2001	\$ 15,725	\$ 15,511	98.6 %	\$ 127	\$ 17,068	99.5 %	\$ 238	1.5 %
2003	2002	15,810	15,703	99.3	216	15,431	100.7	130	0.8
2004	2003	16,208	15,937	98.3	11	15,948	98.4	207	1.3
2005	2004	16,408	16,383	99.8	20	16,403	100.0	196	1.2
2006	2005	16,229	16,146	99.5	2	16,148	99.5	182	1.1
2007	2006	17,216	17,193	99.9	4	17,197	99.9	174	1.0
2008	2007	18,211	18,160	99.7	3	18,163	99.7	215	1.2
2009	2008	18,992	18,670	98.3	5	18,675	98.3	262	1.4
2010	2009	19,124	19,117	99.9	(10)	19,107	99.9	202	1.1
2011	2010	19,906	19,793	99.4	13	19,806	99.5	276	1.4

(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			
	General	Tax Increment	Tax Increment	Other Loans
	Obligation	Financing	Financing Notes	
Bonds	Bonds	Payable	Payable	
2002	\$ 20,945,000	\$ 5,873,155	\$ -	\$ -
2003	19,865,000	4,943,199	-	-
2004	19,010,000	3,820,394	655,000	-
2005	24,960,000	3,450,820	622,211	-
2006	24,165,750	3,040,304	590,439	-
2007	22,990,000	2,594,831	1,279,885	-
2008	21,860,000	25,136,402	1,279,636	-
2009	26,080,000	24,611,976	1,169,684	150,000
2010	27,540,000	24,689,216	1,049,696	282,857
2011	32,271,022	23,267,892	1,931,348	282,857

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

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

\* Personal Income unavailable at report date.

TABLE 9

General Obligation Bonds	Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capital (1)
	Capital Loan Notes	Revenue Bonds	Other Loans Payable				
\$ 3,105,000	\$ -	\$ 1,720,000	\$ -	\$ 31,643,155	1.307%	549	
5,140,000	-	1,540,000	-	31,488,199	1.264%	546	
6,660,000	-	1,350,000	-	31,495,394	1.168%	546	
8,090,000	-	1,150,000	-	38,273,031	1.363%	663	
11,619,250	-	940,000	-	40,355,743	1.353%	700	
11,090,000	-	720,000	-	38,674,716	1.258%	670	
11,570,000	611,977	490,000	-	60,948,015	1.901%	1,057	
14,655,000	3,914,076	1,445,000	390,890	72,416,626	2.241%	1,255	
24,225,000	8,289,621	1,125,000	371,978	87,573,368	2.638%	1,518	
25,503,978	33,195,408	6,755,000	2,252,109	125,459,614	*	2,177	

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

**TABLE 10**

<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>Taxable Value of Property</b>	<b>Percentage of Taxable Value of Property</b>	<b>Assessed Value of Property</b>	<b>Percentage of Assessed Value of Property</b>	<b>Per Capita</b>
2002	\$ 24,050	\$ 1,418,928	1.69%	\$ 2,050,019	1.17%	417
2003	25,005	1,510,057	1.63%	2,317,926	1.08%	433
2004	25,670	1,563,082	1.64%	2,350,317	1.09%	445
2005	33,050	1,656,434	2.00%	2,575,400	1.28%	573
2006	35,785	1,700,472	2.10%	2,679,078	1.34%	620
2007	34,080	1,771,232	1.92%	2,804,568	1.22%	591
2008	33,430	1,814,365	1.84%	2,870,178	1.16%	580
2009	40,735	1,939,773	2.10%	3,171,681	1.28%	706
2010	51,765	2,023,899	2.56%	3,239,112	1.60%	897
2011	57,775	2,159,622	2.68%	3,349,823	1.72%	1,002

CITY OF DUBUQUE, IOWA  
 DIRECT AND OVERLAPPING DEBT  
 AS OF JUNE 30, 2011

TABLE II

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Tax Increment Financing Bonds</u>	<u>Tax Increment Financing Notes</u>	<u>Capital Notes</u>	<u>Loans Payable</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to Government</u>
	(1)						
Direct, City of Dubuque, Iowa	\$ 32,271,022	\$ 23,267,892	\$ 1,931,349	\$ -	\$ 282,857	100.00%	\$ 57,753,120
<b>Overlapping:</b>							
Dubuque County	-	-	-	-	50,001	0.06%	30
Dubuque Community School District	-	-	-	19,650,000	-	100.00%	19,650,000
Northeast Iowa Community College	30,855,000	-	-	720,000	-	0.02%	6,315
<b>Total Overlapping</b>	<u>30,855,000</u>	<u>-</u>	<u>-</u>	<u>20,370,000</u>	<u>50,001</u>		<u>19,656,345</u>
<b>Total</b>	<u>\$ 63,126,022</u>	<u>\$ 23,267,892</u>	<u>\$ 1,931,349</u>	<u>\$ 20,370,000</u>	<u>\$ 332,858</u>		<u>\$ 77,409,465</u>

Source: Dubuque County Auditor, Dubuque Community School District and Northeast Iowa Community College  
 (1) Excludes general obligation bonds 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 business 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 business 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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$ 102,359	\$ 115,896	\$ 117,516	\$ 133,149
Total net debt applicable to limit	<u>30,250</u>	<u>30,271</u>	<u>30,185</u>	<u>37,177</u>
Legal debt margin	<u>\$ 72,109</u>	<u>\$ 85,625</u>	<u>\$ 87,331</u>	<u>\$ 95,972</u>
Total net debt applicable to the debt limit as a percentage of debt limit	29.35%	26.12%	25.69%	27.92%

**Legal Debt Margin Calculation for Fiscal Year 2011**

Estimated actual value

Debt limit - 5% of total actual valuation

Debt applicable to limit:  
 (including CO Debt, TIF Debt, and Lease  
 Obligations Paid from General Fund)

Legal debt margin

TABLE 12

2006	2007	2008	2009	2010	2011
\$ 138,789	\$ 145,401	\$ 148,824	\$ 163,621	\$ 167,247	\$ 174,333
<u>39,443</u>	<u>38,060</u>	<u>60,485</u>	<u>76,182</u>	<u>101,152</u>	<u>92,443</u>
<u>\$ 99,346</u>	<u>\$ 107,341</u>	<u>\$ 88,339</u>	<u>\$ 87,439</u>	<u>\$ 66,095</u>	<u>\$ 81,890</u>
28.42%	26.18%	40.64%	46.56%	60.48%	53.03%

\$ 3,486,661,216

\$ 174,333,061

92,443,077

\$ 81,889,984

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

**TABLE 13**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Next Fiscal Year's Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
<b>WATER UTILITY</b>							
2008	\$ 4,933	\$ 3,959	\$ 974	\$ 39	\$ 27	\$ 66	14.76
2009	5,391	5,196	195	104	99	203	0.96
2010	5,353	5,153	200	108	79	187	1.07
2011	5,638	5,316	322	496	446	942	0.34

**STORMWATER UTILITY**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Next Fiscal Year's Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
2009	2,402	1,309	1,093	75	58	133	8.22
2010	2,357	1,320	1,037	132	110	242	4.29
2011	2,788	1,680	1,108	296	252	548	2.02

**SEWAGE DISPOSAL WORKS**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Next Fiscal Year's Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
2009	6,084	5,093	991	-	7	7	141.57
2010	5,995	5,331	664	144	128	272	2.44
2011	6,699	6,028	671	661	589	1,250	0.54

**PARKING BONDS**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Next Fiscal Year's Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
2002	1,452	737	715	180	79	259	2.76
2003	1,484	847	637	190	71	261	2.44
2004	1,659	971	688	200	63	263	2.62
2005	1,934	960	974	210	54	264	3.69
2006	1,933	977	956	220	44	264	3.62
2007	2,113	1,014	1,099	230	34	264	4.16
2008	2,224	1,495	729	240	23	263	2.77
2009	2,270	1,412	858	250	12	262	3.27

Parking revenue bonds matured in 2010.

(1) Total operating revenues (including interest).

(2) Total operating expenses exclusive of depreciation.

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

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

**TABLE 14**

<u>Fiscal Year</u>	<u>Water Receipts</u>	<u>Sewer Receipts</u>
2002	4,233,908	4,319,655
2003	4,154,899	4,252,098
2004	4,350,338	4,466,035
2005	4,340,789	4,478,205
2006	4,798,408	4,920,376
2007	4,856,353	5,276,454
2008	5,020,001	5,481,074
2009	5,358,419	5,821,251
2010	5,503,277	5,851,401
2011	5,871,246	6,672,890

Source: Cash basis receipt ledgers.

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

TABLE 15

Fiscal Year	Residential	Commercial	Industrial	Government	Total
2006	19,813	1,820	73	35	21,741
2007	19,914	1,839	74	38	21,865
2008	19,970	1,878	70	45	21,963
2009	20,058	1,895	72	48	22,073
2010	20,204	1,887	71	48	22,210
2011	20,338	1,904	79	51	22,372

\*Prior four years information not available.

CITY OF DUBUQUE, IOWA  
 LARGEST WATER AND SEWER CUSTOMERS  
 FISCAL YEAR 2011

TABLE 16

Customer	Water		Percentage of Total Water		Sewer		Percentage of Total Sewer	
	Receipts	Rank	Receipts		Receipts	Rank	Receipts	
Rousclet	\$ 221,614	1	3.77 %		\$ 388,203	1	5.82 %	
Hornel	83,071	2	1.41		158,659	2	2.38	
Prairie Farms Dairy	57,563	3	0.98		127,945	4	1.92	
Mercy Medical Center	56,217	4	0.96		92,488	5	1.39	
Loras College	53,820	5	0.92		65,993	6	0.99	
Water & Resource Recovery Center	48,290	6	0.82		-			
University of Dubuque	46,502	7	0.79		46,965	9	0.70	
Dubuque Community Schools	43,363	8	0.74		51,376	8	0.77	
Inland Protein Corporation	33,921	9	0.58		135,577	3	2.03	
Premier Linen & Dry Cleaning	32,787	10	0.56		62,252	7	0.93	
Finley Hospital					45,503	10	0.49	
Total Receipts	\$ 5,871,246				\$ 6,672,890			

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

**TABLE 17**

Year	Population	Personal Income	Per Capita Personal Income (1)	Median Age (2)	Public School Enrollment (3)	Unemployment Rate (4)	%
2002	57,686	\$ 2,421,441,000	\$ 26,760	37	9,906	3.9	
2003	57,686	2,491,982,000	27,631	37	10,122	4.0	
2004	57,686	2,695,504,000	29,549	37	10,428	4.4	
2005	57,686	2,807,625,000	30,650	37	10,547	4.5	
2006	57,686	2,983,000,000	32,290	37	10,733	3.5	
2007	57,686	3,074,666,000	33,290	37	10,727	3.7	
2008	57,686	3,206,000,000	34,571	38	10,614	3.8	
2009	57,686	3,231,613,000	34,571	37	10,697	6.2	
2010	57,686	3,316,659,000	35,635	37	10,517	6.4	
2011	57,637	*	*	37	10,467	5.8	

**Sources:**

- (1) U.S. Department of Commerce, Bureau of Economic Analysis.
- (2) Bureau of Census: 2000 Census
- (3) Dubuque Community School District.
- (4) Iowa Department of Employment Services as of June 30..

\* Unavailable at report date.

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

**TABLE 13**

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (1)</u>	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (1)</u>
John Deere (2)	2,065	1	3.80 %	1,800	1	3.35 %
Dubuque Community Schools	1,946	2	3.58	1,410	2	2.85
Mercy Medical Center	1,324	3	2.44	1,340	3	2.49
IBM (3)	1,300	4	2.39			
Medical Associates	999	5	1.84	760	6	1.41
Finley Hospital	920	6	1.69	700	7	1.30
City of Dubuque	686	7	1.26	1,007	5	1.87
Holy Family Catholic Schools	575	8	1.06	519	10	.97
Eagle Window & Door	550	9	1.01			
Prudential Retirement	550	9	1.01			
Dubuque Racing Association	413	10	.76			
CIGNA Retirement				625	8	1.16
Diamond Jo				620	9	1.15
McCoy Group (4)				1,200	4	2.23
	<u>11,328</u>			<u>9,981</u>		

Source: Greater Dubuque Development Corp.

- (1) Based on the percentage of total employment for Dubuque area from the U.S. Department of Labor, Bureau of Labor Statistics.
- (2) Located just outside City Limits.
- (3) Anticipated employment. Actual number not available at this time.
- (4) McCoy Group in 2002 includes all employees not just City of Dubuque.

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

	2002	2003	2004	2005
<b>Public Safety</b>				
Emergency Communications	10.00	10.00	10.00	10.00
Fire	90.00	90.00	90.00	90.00
Police	96.00	97.00	97.00	97.00
Building Services	7.00	7.00	7.00	7.00
<b>Public Works</b>				
Public Works	83.00	86.02	87.30	88.55
Engineering	24.00	24.00	24.00	24.00
<b>Health &amp; Social Services</b>				
Health Services	5.00	5.00	5.00	5.00
Human Rights	2.00	2.00	2.00	2.00
<b>Cultural and Recreation</b>				
Civic Center	9.15	9.15	9.15	9.15
Library	18.00	18.00	18.00	18.00
Park	21.92	21.92	21.92	21.92
Recreation	8.93	8.93	8.93	8.93
<b>Community &amp; Economic Development</b>				
Community / Economic Dev	5.00	3.00	3.00	3.00
Housing Services	20.00	20.25	20.00	21.00
Planning Services	7.00	7.00	7.00	7.00
<b>General Government</b>				
Airport	13.00	14.00	13.00	13.00
Cable TV	3.00	2.00	2.00	2.00
City Clerk's Office	3.00	3.00	3.00	3.00
City Manager's Office	9.00	11.00	10.00	10.00
Finance	16.00	16.00	15.00	14.00
Legal	2.00	2.00	2.00	2.00
Information Services	6.00	6.00	6.00	6.00
<b>Business Type</b>				
Water	23.00	23.00	23.00	23.00
Water Pollution Control	18.00	18.00	18.00	18.00
Parking	11.00	11.50	10.50	10.50
Transit	7.50	8.00	7.00	7.00
<b>Total</b>	<b>518.50</b>	<b>523.77</b>	<b>519.80</b>	<b>521.05</b>

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 19

Full-Time Equivalent Employees as of June 30					
2006	2007	2008	2009	2010	2011
11.00	11.00	11.00	13.00	13.00	13.00
90.00	90.00	90.00	90.00	90.00	90.00
99.00	100.00	101.00	108.67	110.84	113.34
7.00	7.00	7.00	8.00	8.00	9.00
87.00	87.00	87.00	88.00	87.42	87.42
25.00	25.00	25.00	26.00	26.00	27.00
5.00	5.00	4.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00	3.00	3.00
1.15	0.15	0.15	0.15	0.15	0.15
18.00	18.00	18.00	18.00	18.00	18.00
21.92	21.92	21.92	21.92	22.51	22.50
8.93	7.93	7.93	7.93	8.43	8.93
3.00	3.00	3.00	3.00	3.00	3.00
21.00	20.25	18.00	22.00	22.00	22.25
8.00	8.00	8.00	8.00	8.00	8.00
13.00	13.23	12.00	12.00	12.00	12.00
2.00	2.00	2.00	2.00	2.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00
11.00	11.00	11.00	13.50	15.00	15.00
14.00	14.00	14.00	14.00	14.00	14.00
2.62	3.00	3.00	4.00	4.66	5.00
6.00	6.00	7.00	7.00	7.00	7.00
23.00	23.00	23.00	23.00	24.00	25.00
18.00	18.00	18.00	18.00	18.00	18.00
8.00	8.00	7.00	7.50	9.00	9.00
8.55	8.00	7.00	7.00	6.00	7.00
<b>518.17</b>	<b>516.48</b>	<b>512.00</b>	<b>532.67</b>	<b>539.01</b>	<b>546.59</b>

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

	Fiscal Year			
	2002	2003	2004	2005
Public Safety				
Police				
Physical arrests <sup>1</sup>	-	4,000	4,550	4,795
Traffic violations <sup>2</sup>	2,462	2,126	2,427	2,171
Parking violations <sup>3</sup>	-	51,162	49,985	51,004
Fire				
Number of calls answered	4,774	3,974	4,181	4,300
Inspections conducted	841	524	408	1,135
Sewer				
Sewage system				
Daily average treatment in gallons	9,000,000	8,000,000	8,000,000	8,500,000
Maximum daily capacity of treatment plant in gallons	15,000,000	15,000,000	15,000,000	13,500,000
Water systems				
Daily average consumption in gallons	8,000,000	8,000,000	8,000,000	7,720,000
Maximum daily capacity of plant in gallons	18,000,000	18,000,000	18,000,000	18,000,000
Refuse (Municipal Collection)				
Tonnage	13,594	10,435	10,330	10,428

Sources: Various City Departments.

<sup>1</sup> Statistics not available for fiscal year 2002.

<sup>2</sup> Statistics begin in fiscal year 2002.

<sup>3</sup> Statistics begin in fiscal year 2003.

TABLE 20

Fiscal Year					
2006	2007	2008	2009	2010	2011
4,790	5,078	5,090	6,325	6,365	6,350
2,111	1,986	6,881	8,801	8,901	12,289
46,575	42,530	40,741	36,457	37,056	35,799
4,176	4,454	4,699	4,480	4,557	4,844
409	360	624	443	1,035	555
8,500,000	8,000,000	10,310,000	7,981,000	9,068,000	8,132,000
13,500,000	13,500,000	13,500,000	21,131,000	21,131,000	23,240,000
8,057,000	7,950,000	7,812,000	7,845,000	7,684,000	7,636,000
18,000,000	18,000,000	17,000,000	18,000,000	18,000,000	18,000,000
10,573	10,807	11,798	10,774	10,615	10,660

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

	Fiscal Year			
	2002	2003	2004	2005
Public safety				
Police				
Stations	1	1	1	1
Patrol units	18	18	18	19
Fire				
Stations	6	6	6	6
Aerial trucks	3	3	3	3
Public works				
Streets				
Miles (1)	*	273	290	290
Street lights (1)	1,195	1,500	1,591	1,631
Health and social services				
Hospital	2	2	2	2
Number of patient beds	478	584	560	421
Cultural and recreation				
Library	1	1	1	1
Golf	1	1	1	1
Parks	39	42	42	44
Acreage	834	850	850	855
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)	*	*	*	*
Miles of storm sewers (1)	*	*	*	*
Number of treatment plants	1	1	1	1
Number of service connectors	20,200	20,800	21,000	21,000
Water systems				
Miles of water mains	305	305	310	312
Number of service connectors	20,550	21,032	21,206	21,016
Number of city owned fire hydrants	2,712	2,713	2,736	2,770

Sources: Various City Departments.

(1) City GIS System.

\* Information not available.

TABLE 21

Fiscal Year						
2006	2007	2008	2009	2010	2011	
1	1	1	1	1	1	1
19	19	19	19	19	22	22
6	6	6	6	6	6	6
3	3	3	3	3	3	3
295	307	317	320	321	325	
1,755	1,802	1,855	1,877	1,916	1,931	
2	2	2	2	2	2	2
421	405	405	405	389	389	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
44	47	47	47	48	48	
845	898	898	898	901	901	
1	1	1	1	1	1	1
2	2	2	2	2	2	2
7	8	7	7	7	7	7
1	1	1	1	1	1	1
19	19	20	20	20	20	20
263	286	290	295	300	300	
116	120	122	143	144	150	
1	1	1	1	1	1	1
21,443	21,568	21,633	21,347	21,599	21,702	
313	315	316	317	318	319	
21,257	21,210	21,243	21,347	21,986	22,092	
2,780	2,798	2,812	2,831	2,843	2,854	



**Compliance Section**

**June 30, 2011**

**City of Dubuque, Iowa**





**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 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 19, 2012. 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.

The financial statements of Dubuque Initiatives and Subsidiaries, 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, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. 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.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Dubuque, Iowa  
January 19, 2012



**Independent Auditor's Report on Compliance with Requirements That Could Have  
a Direct and Material Effect on Each Major Program and on Internal Control over  
Compliance in Accordance with OMB Circular A-133**

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

**Compliance**

We have audited the compliance of the City of Dubuque, Iowa, with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Dubuque, Iowa, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control Over Compliance

Management of the City of Dubuque, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned cost as item III-A-11. 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.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Dubuque, Iowa  
January 19, 2012

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Commerce:			
Direct program:			
Investments for Public Works and Economic Development Facilities	11.300		<u>\$ 1,437,604</u>
U.S. Department of Housing and Urban Development:			
CDBG – Entitlement Grants Cluster:			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218		461,885
Community Development Block Grants/Entitlement Grants	14.218		<u>975,359</u>
			<u>1,437,244</u>
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253		<u>92,681</u>
Total CDBG – Entitlement Grants Cluster			<u>1,529,925</u>
Direct program:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228		138,712
Pass-through program from:			
Iowa Department of Economic Development:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-212	<u>1,177</u>
			<u>139,889</u>
Direct program:			
Shelter Plus Care	14.238		<u>77,349</u>
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257		<u>188,919</u>
Fair Housing Assistance Program - State and Local	14.401		<u>29,950</u>
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856		<u>76,716</u>
Section 8 Housing Choice Vouchers	14.871		4,309,514
Section 8 Housing Choice Vouchers	14.871		519,938
Section 8 Housing Choice Vouchers	14.871		62,720
Section 8 Housing Choice Vouchers	14.871		6,821
Section 8 Housing Choice Vouchers	14.871		595
			<u>4,899,588</u>

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development: (continued)			
Direct program: (continued)			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		\$ 746,682
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		<u>45,606</u>
			<u>792,288</u>
Healthy Homes Production Grant Program	14.913		<u>13,167</u>
Total U.S. Department of Housing and Urban Development			<u>7,747,791</u>
U.S. Department of the Interior			
Pass-through program from:			
Iowa Department of Natural Resources: Sportfishing and Boating Safety Act	15.622	CRD825MKONRA 110303	565,984
Direct program:			
Historic Preservation Fund Grants-In-Aid	15.904		<u>25,000</u>
Total U.S. Department of the Interior			<u>590,984</u>
U.S. Department of Justice:			
Direct program:			
Violence Against Women Formula Grants	16.588		<u>1,826</u>
Bulletproof Vest Partnership Program	16.607		<u>1,086</u>
Bulletproof Vest Partnership Program	16.607		<u>976</u>
			<u>2,062</u>
Pass-through program from:			
Dubuque County, Iowa Sheriff:			
Public Safety Partnership and Community Policing Grants	16.710	09-HOTSPOTS	<u>2,293</u>
Helping Services of Northeast Iowa, Inc.:			
Enforcing Underage Drinking Laws Program	16.727	JJYD-FY10-01	3,800
Enforcing Underage Drinking Laws Program	16.727	01-DJ08-F09	<u>788</u>
			<u>4,588</u>

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice: (continued)			
JAG Program Cluster:			
Direct program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 21,555
Edward Byrne Memorial Justice Assistance Grant Program	16.738		10,890
Edward Byrne Memorial Justice Assistance Grant Program	16.738		10,077
Edward Byrne Memorial Justice Assistance Grant Program	16.738		9,662
			<u>52,184</u>
Pass-through program from:			
Iowa Department of Justice:			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	09JAG-15910	53,582
Direct program:			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		3,050
Total JAG Program Cluster			<u>108,816</u>
Total U.S. Department of Justice			<u>119,585</u>
U.S. Department of Transportation:			
Direct program:			
Airport Improvement Program	20.106		633,519
Airport Improvement Program	20.106		382,772
Airport Improvement Program	20.106		352,912
Airport Improvement Program	20.106		186,544
Airport Improvement Program	20.106		135,367
Airport Improvement Program	20.106		33,183
Airport Improvement Program	20.106		20,091
Airport Improvement Program	20.106		18,256
Airport Improvement Program	20.106		6,536
			<u>1,769,180</u>

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation: (continued)			
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-2100(634)--70-31	\$ 1,764,703
Highway Planning and Construction	20.205	HDP-2100-(661)-71-31	534,733
Highway Planning and Construction	20.205	TSF-32-1(28)--92-31	500,000
Highway Planning and Construction	20.205	STP-A-32-1(29)--86-31	448,086
Highway Planning and Construction	20.205	HDP-2100-(655)-71-31	182,821
Highway Planning and Construction	20.205	IA-10-02-2100	142,309
Highway Planning and Construction	20.205	ESL-2100-(646)-7S-31	64,505
			<u>3,637,157</u>
Federal Transit Cluster:			
Direct program:			
Federal Transit - Capital Investment Grants	20.500		526,160
Pass-through program from:			
Iowa Department of Transportation:			
Federal Transit - Capital Investment Grants	20.500	IA-04-0113	346,761
			<u>872,921</u>
Direct program:			
Federal Transit - Formula Grants	20.507		781,774
ARRA - Federal Transit - Formula Grants	20.507		43,723
Pass-through program from:			
Iowa Department of Transportation:			
ARRA - Federal Transit - Formula Grants	20.507	IA-96-0001	339,482
Federal Transit - Formula Grants	20.507	IA-95-X003	93,250
			<u>1,258,229</u>
Total Federal Transit Cluster			<u>2,131,150</u>
Federal Services Programs Cluster:			
Direct program:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		27,129
Pass-through program from:			
Iowa Department of Transportation:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	IA-16-X001	32,596
			<u>59,725</u>
Job Access - Reverse Commute	20.516	IA-37-X017	20,057
Total Federal Services Programs Cluster			<u>79,782</u>

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation: (continued)			
Direct program:			
State and Community Highway Safety	20.600		\$ 37,968
State and Community Highway Safety	20.600		<u>5,653</u>
			<u>43,621</u>
ARRA - Surface Transportation - Discretionary Grants for Capital Investment	20.932		<u>2,946,377</u>
Total U.S. Department of Transportation			<u>10,607,267</u>
Environmental Protection Agency:			
Pass-through program from:			
Iowa Finance Authority:			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-192421-01	148,104
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-192421-01	549,896
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-192421-01	729,000
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-192427-01	<u>2,950,840</u>
			<u>4,377,840</u>
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-31-10-DWSRF-023	2,923,240
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-31-10-DWSRF-023	76,760
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-31-10-DWSRF-023	527,194
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-31-10-DWSRF-023	<u>472,806</u>
			<u>4,000,000</u>
Total Environmental Protection Agency			<u>8,377,840</u>
U.S. Department of Energy:			
Direct program:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		500,000
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		<u>307,616</u>
Total U.S. Department of Energy			<u>807,616</u>

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entry Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:			
Pass-through program from:			
Dubuque County, Iowa Health Department:			
Public Health Emergency Preparedness	93.069	5881BT31	\$ 6,376
Public Health Emergency Preparedness	93.069	5880BT31	<u>2,063</u>
Total U.S. Department of Health and Human Services			<u>8,439</u>
Corporation for National and Community Service:			
Pass-through program from:			
Iowa Commission on Volunteers:			
AmeriCorps	94.006	10-AC-13	137,508
AmeriCorps	94.006	10-AF-21	44,700
AmeriCorps	94.006	09-AC-13	39,150
AmeriCorps	94.006	09-CR-13	<u>5,614</u>
Total Corporation for National and Community Service			<u>226,972</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-1930-DR-IA	253,141
Direct program:			
Assistance to Firefighters Grant	97.044		<u>64,000</u>
Total U.S. Department of Homeland Security			<u>317,141</u>
Total			<u><u>\$ 30,241,239</u></u>

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Dubuque, Iowa, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2 - Subrecipients**

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

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$ 132,182
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	\$ 188,919

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

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiency	Yes
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
11.300	Investments for Public Works and Economic Development Facilities
14.257	ARRA – Homelessness Prevention and Rapid Re-Housing Program
14.871	Section 8 Housing Choice Vouchers
Federal Transit Cluster	
20.500	Federal Transit - Capital Investment Grants
20.507	ARRA – Federal Transit - Formula Grants
20.932	ARRA – Surface Transportation - Discretionary Grants for Capital Investment
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds
66.468	ARRA – Capitalization Grants for Drinking Water State Revolving Funds
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program

Dollar threshold used to distinguish between Type A and Type B programs	\$907,237
Auditee qualified as low-risk auditee	No

**Part II: Findings Related to the Financial Statements:**

**MATERIAL WEAKNESS**

**II-A-11 Material Audit Adjustments**

**Criteria** – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Condition** – During the course of our engagement, we proposed material audit adjustments to the financial statements and Schedule of Expenditures of Federal Awards that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements and Schedule of Expenditures of Federal Awards.

**Cause** – There is a limited number of office employees with varying levels of experience with the reporting requirements.

**Effect** – The effect of this condition was financial data not in accordance with generally accepted accounting principles or the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Recommendation** – We recommend that finance staff continue to receive relevant training and that management review all documentation completed by staff for use in preparing the financial statements and Schedule of Expenditures of Federal Awards.

**Response** – The Finance Department will continue to receive relevant training, and management will review all documentation completed by staff for use in preparing the financial statements and Schedule of Expenditures of Federal Awards.

**Conclusion** – Response accepted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**SIGNIFICANT DEFICIENCY/QUESTIONED COST:**

**CFDA Number 20.500: Federal Transit Capital Investment Grants**  
**Pass-Through Agency Number: IA-04-0113**  
**U.S. Department of Transportation**  
**Passed through the Iowa Department of Transportation**

**III-A-11 Allowable Cost/Cost Principles**

**Criteria** – Allowable costs, under OMB Circular A-87, Attachment A, paragraph C.1(h), must not be included as a cost of any other Federal award.

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

**Condition** – The Capital Investment Assistance Project Grant and the State of Good Repairs Grant both allowed for the purchase of the same type of buses. However, reimbursement was requested for one of the buses under both grants.

**Questioned Cost** – \$62,250

**Cause** – The Capital Investments Assistance Project Grant and the State of Good Repairs Grant were managed by different Transit Department individuals. Also, the expenses of both grants were not separately identifiable by grant within the City's general ledger.

**Effect** – The City requested reimbursement for expenditures under both grants.

**Recommendation** – The City should exercise due care in processing all requests for grant reimbursements to verify that the claims being submitted were requested for only one grant. The City should consider setting up separate account codes for each type of grant.

**Response** – The Transit Department will monitor and coordinate grant drawdowns more closely in the future since more than one individual prepares draws.

**Conclusion** – Response accepted.

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

**IV-A-11 Certified Budget** – Disbursements during the year ended June 30, 2011, exceeded the amount budgeted in the debt service 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 City will amend the budget for refunded debt issuances in the future, if applicable.

**Conclusion** – Response accepted.

**IV-B-11 Questionable Expenditures** – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

**IV-C-11 Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

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

**IV-D-11 Business Transactions** – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Deb Stephenson, employee, spouse is owner of GMS, Inc.	Contracted Golf Pro	\$ 66,900
Joleen Murphy, employee, spouse is owner of Murphy Construction Group	Construction, per bid	21,557
Ric Jones, council member, owner of RJ Productions	Services	600
David Resnick, council member	Services	400
Molly Menster, employee, spouse is Tina Sio	Services	250
Melissa McGinnis, employee, spouse is owner of Quality Brick	Construction	243

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with RJ Productions, David Resnick, Tina Sio, and Quality Brick do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. The transaction with Murphy Construction Group does not appear to be a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(3)(e) of the Code of Iowa. The transaction with GMS, Inc. may represent a conflict of interest.

**Recommendation** – We recommend the City review the transaction with GMS, Inc. with legal counsel.

**Response** – The City plans to competitively bid the golf pro contract next year or hire the golf pro as a City employee.

**Conclusion** – Response accepted.

**IV-E-11 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.

**IV-F-11 Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

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

- IV-G-11 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.
- IV-H-11 Revenue Bonds** – No instances of non-compliance with the provisions of the City’s Sewage Disposal Works, Stormwater Utility, or Parking Facilities revenue debt resolutions were noted.
- The City has created the reserve and sinking funds required by water revenue bond debt covenants. The reserve and sinking funds are appropriately funded at June 30, 2011. In addition, the Water Utility revenue debt covenants include a requirement for the utility to produce net revenues of at least 125% of the current year debt service requirement of the Series 2008 water utility revenue bonds, and all other revenue bonds or notes ranking on a parity with the 2008 water utility revenue bonds. In January of 2011, the City entered into a subordinate agreement with the Iowa Finance Authority (lender for the water revenue capital loan notes) which retroactively subordinates the water revenue capital loan notes in relation to the Series. This agreement allows the City to exclude the water revenue loan notes in the 125% computation until December 31, 2015. By excluding the water revenue capital loan notes, the City meets the 125% requirement for fiscal year 2011.
- IV-I-11 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.
- IV-J-11 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.



CPAs & BUSINESS ADVISORS

January 19, 2012

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

We have audited 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, for the year ended June 30, 2011. We did not audit the financial statements of Dubuque Initiatives and Subsidiaries (a discretely presented component unit). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dubuque Initiatives and Subsidiaries, is based on the report of the other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 4, 2011. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies related to fund balance by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011. No other new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the cost of contributed infrastructure from developers is based on estimated unit cost on City funded projects. We evaluated the key factors and assumptions used to develop the contributed infrastructure costs in determining that they are reasonable in relation to the financial statements taken as a whole.

To the Honorable Mayor and  
Members of the City Council  
City of Dubuque, Iowa  
Page 2

Management's estimate of incurred but not reported health insurance and workers' compensation liabilities are based on third-party administrator's calculations and estimates. We evaluated the key factors and assumptions used to develop incurred by not reported liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of other postemployment benefits liability is based on a calculation of actuarially determined contributions for health insurance benefits. We evaluated the key factors and assumptions used to develop other postemployment benefits liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

#### **Sewage Disposal Works and Water Utility**

To record advance from Water Utility to the Sewage Disposal Works for the purchase of equipment.	\$ 2,832,595
To reduce construction in progress for mercury spill expenses (extraordinary item)	2,105,741

#### **General, Street Construction, and Sales Tax Construction**

To reduce receivable balances for local option sales tax and utility franchise fees receivables inadvertently recorded twice	1,514,739
To adjust deferred revenue for September receipts	1,730,432

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated January 19, 2012.

To the Honorable Mayor and  
Members of the City Council  
City of Dubuque, Iowa  
Page 3

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings of Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

**Other Information in Documents Containing Audited Financial Statements**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor, City Council, and management of the City of Dubuque, Iowa, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

EIDE BAILLY LLP

