

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



***About the Cover:***

The Bee Branch Creek Restoration and Gateway Project is a flood-mitigation project designed to reduce the risk of storm water flood damage to 1,155 properties in one of Dubuque's oldest neighborhoods. This \$57 million project began in September 2010 and is expected to be complete in Fall 2014. The project is broken down into two phases; Upper Bee Branch and Lower Bee Branch. The project includes daylighting of the Bee Branch Creek which was housed in buried storm sewer for more than a century. In addition to being a stormwater facility, the project features a hike/bike trail, additional landscaping, medium-to-high canopy trees, bushes, planters, light fixtures, water fountains, benches, an amphitheater, scenic overlooks, bridges, rain gardens and wetlands, and other recreational space.

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**Comprehensive Annual Financial Report**  
**June 30, 2012**  
**City of Dubuque, Iowa**

Prepared by:  
Department of Finance



**Introductory Section**  
**June 30, 2012**  
**City of Dubuque, Iowa**



# CITY OF DUBUQUE, IOWA

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December 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, 2012, 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 2012. 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 auditor's report is included in the Financial Section of this report.

This report includes all funds of the City of Dubuque, as well as its component units. Component units are legally separate entities for which the City of Dubuque is financially accountable. The City provides a full range of services including police and fire protection, sanitation services, the construction and maintenance of roads, streets, and infrastructure, inspection and licensing functions, maintenance of grounds and buildings, municipal airport, library, recreational activities and cultural events. In addition to general government activities, the municipality owns and operates enterprises for a water system, water resource and recovery center, 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 31.8 square miles, and a census 2010 population of 57,637. As the largest city in the tri-state area, Dubuque serves as the hub of a trade area with a population estimated at 250,000.

Dubuque has a stable and diversified economic base and is the major tri-state retail center. Dubuque ended the fiscal year with an unemployment rate of approximately 5.2%, lower than the 5.5% state unemployment rate and 8.2% national rate. In September 2012, Dubuque County's unemployment rate was just 3.7%.

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**

Dubuque's housing market did not suffer the severe declines seen nationally and is seeing a more robust recovery. According to Ruhl and Ruhl Realtors Spring 2012 Real Estate Facts and Trends, sales volume in Dubuque was up 40% in the first quarter of 2012 as compared to the same quarter in 2011. According to the Federal Housing Finance Agency, Dubuque housing prices increased an average of 6.7% over the last 5 years, while national prices decreased 19.16% over the same period.

Dubuque has completely recovered its recession job losses, and the US Conference of Mayors recognized Dubuque as one of only 26 out of 363 metro areas to have accomplished this. Iowa Workforce Development ranked the City as #1 in the State for private sector job growth in 2011. With just 3% of the State's population, Dubuque created 12% (1,100 net new jobs) in 2011 and 11.2% (1,200 net new jobs) in 2010 of the State total.

A 2011 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 has a diverse employer base including manufacturing, software, health services, insurance, education and government. The top 10 employers in the area employ less than 20% of the total workforce. This insulates the City from the negative impact on a downturn in any one area of the economy.

The City's continual development in its industrial parks, has attracted new industries, but just as importantly retained existing businesses.

#### Dubuque Industrial Center West (DICW)

In 1997, the City acquired five farms creating approximately 550 saleable acres in Dubuque Industrial Center West. The City saw unprecedented growth, selling over 125 acres in less than three years. Over 251 acres have been sold and 24 businesses have located in the DICW, which include 21 local business expansions and 3 new industries. In the summer of 2012, the City began grading the last of these five farms. The City is working with Greater Dubuque Development Corporation to begin evaluating sites for future industrial areas. 2012 business expansions in the DICW are Green Industrial Supply for \$8.5 million, FedEx 80,000 square foot distribution building at \$2.5 million and TM Logistics for \$1 million.

#### The Dubuque Technology Park

Located on the south side of the City 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 160 new jobs in 2011.

Downtown continues a robust development that includes over \$100 million spent in recent years for building construction, renovation and public improvement. Over 9,000 people work in the downtown area. Thirteen hundred IBM employees work on five renovated floors of the nine story Roshek Building. Heartland Financial is relocating some of its existing staff to the third floor in October 2012, and has committed to creating 50 new jobs in the next year. Two restaurants, gift shop and spa occupy the first floor. The Roshek Building was purchased in 2009 by the Dubuque Initiatives and underwent over \$43 million in renovations.

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 42-unit apartment project has been completed at 40-42 Main Street. 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. A renovation of Franklin School with 21 residential units nears completion. Nearly 200 new residential units have been put into the downtown market in the past 3 years. All are filled and there are waiting lists at each project site.

The City Council approved a Revitalization Strategy for Dubuque's Historic Millwork District in August 2007. A master plan for the redevelopment of the district was approved by the Council in February 2009. 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 ten years. Planning has been completed for the infrastructure and parking needs anticipated by the redevelopment of these large brick structures for mixed-use purposes.

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. The 72-unit

residential project was completed in September 2012. A food co-op is planned for part of the first floor. Nonprofits will use the basement space.

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 was completed in May 2012. US Transportation Secretary Ray LaHood was present for the ribbon cutting on the project and the project has already received several awards.

West End residential construction includes construction of a 60-unit senior housing apartment building by 3 Diamond Development; Kluck Construction is in the early stages beginning construction of a new 24-unit market rate apartment building in addition to the first 24-unit building completed in 2011; and GTW Pennsylvania Inc. has begun work on the fifth 18-unit market rate two-bedroom apartments near the Dubuque Industrial Center West. Callahan Construction has finished construction of an 18-unit apartment complex on Commerce Park and Portzen Construction has begun construction of 48 Wyngate Townhomes on Wyngate Drive. Callahan Construction has also begun construction of a new 12-plex apartment building on Commerce Park.

Commercial development continues with almost 10,000 square foot addition to Finnin Ford dealership, completion of the 69,000 square foot addition to IWI Motor Parts building, an addition to A. Y. McDonald Company on Chavenelle Drive, and the construction of a new Sedona office building at Holliday Drive.

Development at the Port of Dubuque continues with construction completed in August 2012 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, 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. This fall the City will be completing the \$4 million the Port of Dubuque Marina Project, located in the Ice Harbor. Funding of \$3 million was received from Iowa Department of Natural Resources through the U.S. Fish and Wildlife Service Boating Infrastructure (Tier 2) Grant program.

Construction and selling lots continues for four residential subdivisions – Pebble Cove #1 and #2 located near the Northwest Arterial provides 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 and Stone Valley Drive created 45 single-family lots in the first phase and an additional 21 building lots in Phase 2. North Fork Trails located at the extension of Keymont Drive continues to sell building lots for two-unit townhomes, and Westbrook Subdivision on the city's far west side is nearing completion of its second phase of single-family home lots. Liberty Subdivision is finishing construction of 15 new building lots on the city's north end. The City has received plans for two new subdivisions – North Ridge Estates off of Peru Road with 38 building lots and Sky Blue Estates off of Roosevelt Road with 25 building lots are going through preliminary plat review at this time.

Community investment in education includes 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 University announced plans to construct three additional residence halls that will house 494 students by fall of 2014 and a new intramural/practice facility. Construction will begin October 2012 on Clarke University's \$13 million 46,000 square foot three story science center. The facility will have flexible, modern spaces to integrate

lecture and lab spaces, and foster a collaborative, hands-on learning environment. The first of four phases of the Loras College \$4 million Parkway is scheduled for completion November 2012. Phase I included paving and creation of the parkway, lighting and landscaping. Phase II and III involve moving the College's existing physical plant and constructing a visitor center on the site. Phase IV is to create a retail, dining and hang out site. The dining venue could be a national chain. The completed parkway will also include a veterans' memorial, fountain, benches and three outdoor performing spaces that will be available to the community for festivals and other events. Completion of the entire parkway is expected in the next couple years.

Dubuque Community School district is currently renovating Dubuque Senior High School's Dalzell Field at a cost of \$10 million and Hempstead High School's auditorium for \$25 million. The Kennedy elementary school is undergoing a \$5 million renovation.

The City's two hospitals are both adding new care units. Finley Hospital's new \$1.9 million Cardiac Catheterization Laboratory is scheduled to open in 2013 and Mercy Hospital's new \$14 million Intensive Care and Cardiovascular units opened August 2012. Finley Hospital has also submitted information related to an 80,000 sq ft addition.

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 team won the Clark Cup in the 2010-2011 season.

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

- Dubuque was ranked #4 among Overall Metros with the **Biggest Average Annual Increases in Wages and Salaries** in 2012's "America's Best Places for a Raise." (September 2012)
- The America's Promise Alliance named Dubuque one of its **100 Best Places for Young People** for 2012. Dubuque received this distinction in 2007, 2008, 2010, and 2011. (September 2012)
- Dubuque was named a **2012 All-America City** by the National Civic League for a community initiative to improve grade-level reading. This is the second time in five years Dubuque received this recognition. (July 2012)
- Area Development magazine's 2012 **Leading Locations** report ranked Dubuque in five categories: #16 among the Top 100 Overall Cities, #3 among the Top 20 Midwest Cities, #7 among the Top 50 Small Cities, #6 among the Top 25 Small Cities in Economic Strength Factors, and #8 among the Top 25 Small Cities in "Recession Busting" Factors. (June 2012)
- 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, 12% 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)

- 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)

## 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 began the sitework for the New Terminal Facility and 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), bids for the New Terminal Building construction were received in September 2012. The Dubuque Regional Airport received its 22<sup>nd</sup> consecutive year of perfect compliance with Federal Aviation Regulation (FAR) Part 139. FAR Part 139 governs safety standards for airfield operations, safety, and maintenance at airports served by commercial airlines.

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 moving forward. It is expected that approximately 90% of the project costs will be funded by Airport Improvement Program grants issued through the Federal Aviation Administration. Other funds through the state and locally generated passenger facility charges continue to be banked for this project.

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 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. In the fall of 2011, construction of the first phase of the \$58 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 acquisition of 79 residential and 21 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 2013-2014. The entire \$58 million Bee Branch Creek Restoration Project is scheduled to be complete in the spring of 2015. 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 \$2.25 million 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 City will also be applying for a portion of the new \$300 million State of Iowa program to fund flood protection projects. 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.

In June of 2012 the City of Dubuque was approved by the Iowa Department of Natural Resources to use \$9.4 million in State Revolving Fund (SRF) funds toward the reconstruction of green alleys in the Bee Branch Drainage Basin. The funds will be used to reconstruct over 40 alleys using permeable pavers. The permeable pavers infiltrate stormwater which reduces the sediment load and stormwater that enters the City's stormwater system. The alleys will be reconstructed over a three year period beginning in 2012.

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 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.

The City's Lead Paint and Healthy Homes Programs, administered through the Housing and Health Departments, are partnering with the Community Foundation of Greater Dubuque in Green and Healthy Homes Initiative. Dubuque's GHHI Program was selected as one of the 16 sites nationally to participate in this initiative, sponsored by the Coalition to End Childhood Lead Poisoning. The goal of the initiative is both to reduce health hazards in home living environments and to transform lives through lifting families out of the cycle of poverty and socio-cultural impoverishment. This is achieved through a multi-department and agency service delivery system, providing hazard mitigation, assessment and referral services in a household-centric approach that eliminates duplication and focuses resources cost-efficiently.

**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:

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

## **FINANCIAL INFORMATION**

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

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

As a part of the City's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal programs, as well as to determine that the government has complied with applicable laws, regulations, contracts, and grants. The results of the government's single audit for the fiscal year ended June 30, 2012, 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, except for fiduciary fund types which include pension trust funds, private purpose trust funds and agency funds are included in the annual budget process. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by state programs. The government also maintains an encumbrance accounting system as one technique for accomplishing budgetary control. Encumbered amounts lapse at year-end, however, encumbrances generally are re-appropriated as part of the following year's budget.

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

**Cash Management.** Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, federal agency obligations, and authorized mutual funds. The City (including DMASWA) received cash basis investment earnings of \$819,873 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 \$1,032,728 deficit as of June 30, 2012. 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 \$1,750,533 as of June 30, 2012. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

**Bond Rating. Moody's Investor Service reaffirmed the City's Aa1 rate on the Series 2012 A, B, C, D, E, F G, H and I** 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.

The rating for the City's outstanding water revenue bonded debt was downgraded by Moody's Investors Service to Aa3 from a previous rating of Aa2 in June 2012, which affected \$6.8 million in outstanding water debt secured solely by the net revenues from the City's water utility. This downgrade applies to less than three percent of Dubuque's total city indebtedness (\$228.9 million) and seven percent of the City's rated indebtedness. Moody's cited the decreasing senior lien debt service coverage in recent years due to increasing debt service as the reason for the downgrade. Even though the City of Dubuque has been downgraded by Moody's to Aa3 from Aa2 on the water revenue bonds, there is no financial impact to the City. The interest rates on the bonds will remain the same.

Moody's provides credit ratings and research covering debt instruments and securities. The purpose of Moody's ratings is to provide investors with a simple system to gauge future relative creditworthiness of securities. The firm uses nine rating classifications to designate least credit risk to greatest credit risk: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C. Moody's appends numerical modifiers 1, 2, and 3 to each rating classification.

## AWARDS AND ACKNOWLEDGEMENTS

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dubuque, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the 24<sup>th</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, 2012. In addition, we received the award for the fiscal year ending June 30, 2013. 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 7<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,

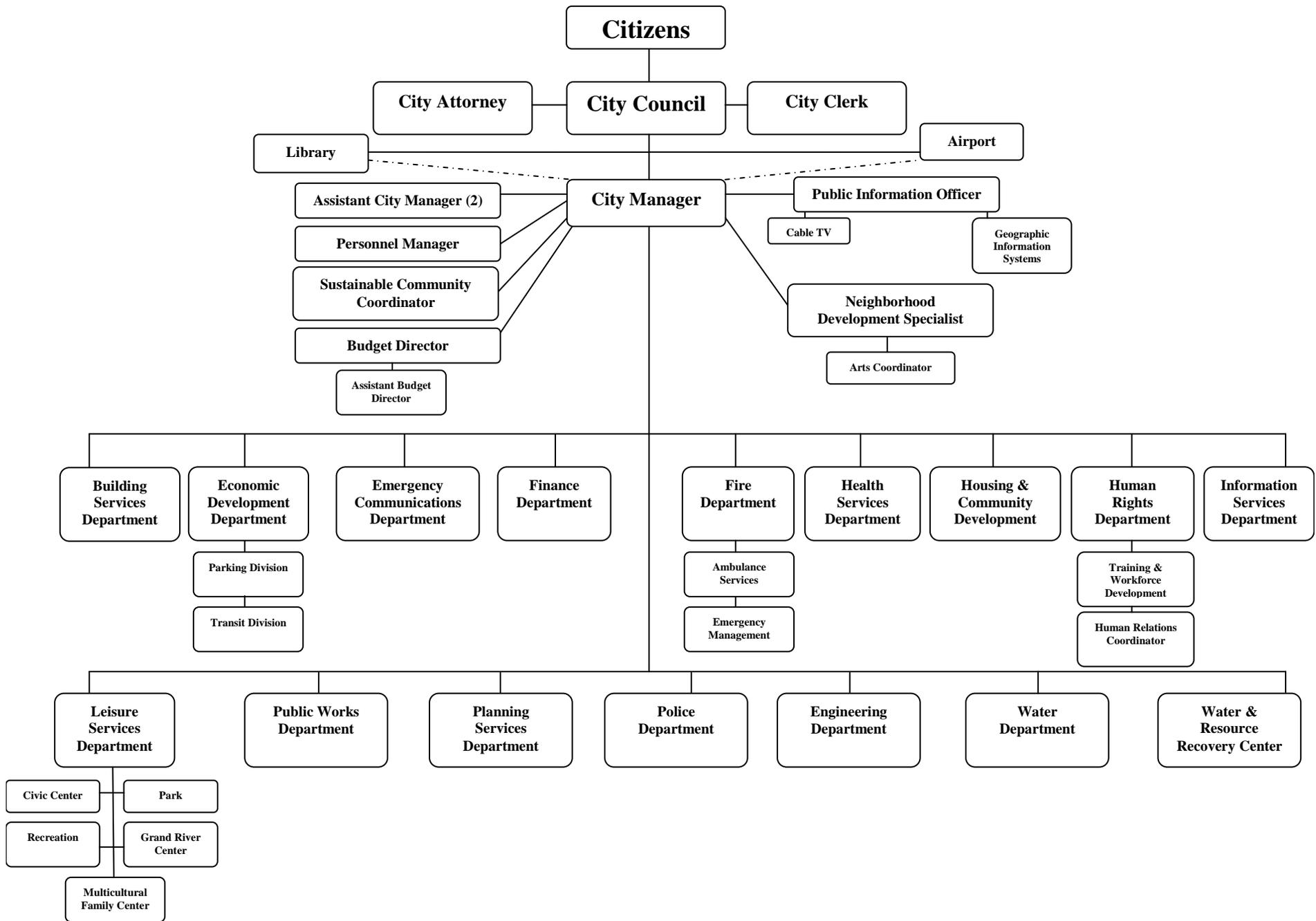


Michael C. Van Milligen  
City Manager



Kenneth J. TeKippe, CPA  
Finance Director

# CITY OF DUBUQUE ORGANIZATIONAL CHART



**CITY OF DUBUQUE, IOWA**  
**OFFICIALS**  
**JUNE 30, 2012**

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**CITY COUNCIL**

Roy D. Buol  
Richard W. Jones  
David T. Resnick  
Kevin J. Lynch  
Karla A. Braig  
Joyce E. Connors  
Lynn V. Sutton

Mayor  
Council Member – At Large  
Council Member – At Large  
Council Member – 1<sup>st</sup> Ward  
Council Member – 2<sup>nd</sup> Ward  
Council Member – 3<sup>rd</sup> Ward  
Council Member – 4<sup>th</sup> Ward

**COUNCIL APPOINTED OFFICIALS**

Michael C. Van Milligen  
Barry A. Lindahl  
Crenna M. Brumwell-Sahm  
Maureen A. Quann  
Kevin S. Firnstahl

City Manager  
City Attorney  
Assistant City Attorney  
Assistant City Attorney  
City Clerk

**DEPARTMENT MANAGERS**

Robert A. Grierson  
Therese H. Goodmann  
Cynthia M. Steinhauser  
Jenny M. Larson  
Richard R. Russell  
David J. Heiar  
Kenneth J. TeKippe  
E. Daniel Brown  
Mary Rose Corrigan  
Alvin L. Nash  
Kelly R. Larson  
Randall K. Peck  
Christine A. Kohlmann  
Marie L. Ware  
Susan A. Henricks  
Donald J. Vogt  
Laura B. Carstens  
Mark M. Dalsing  
Gus N. Psihoyos  
Robert M. Green  
Jonathan R. Brown

Airport Manager  
Assistant City Manager  
Assistant City Manager  
Budget Director  
Building Services Manager  
Economic Development Director  
Finance Director  
Fire Chief  
Health Services Manager  
Housing and Community Development Manager  
Human Rights Director  
Personnel Manager  
Information Services Manager  
Leisure Services Manager  
Library Director  
Public Works Director  
Planning Services Manager  
Police Chief  
Public Works Director  
Water Department Manager  
Water & Resource Recovery 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, 2011

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.



*Christopher P. Morrell*

President

*Jeffrey R. Enen*

Executive Director



**Financial Section**  
**June 30, 2012**  
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 (City), as of and for the year ended June 30, 2012, 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 79 percent, 71 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 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.



Dubuque, Iowa  
December 18, 2012

# **CITY OF DUBUQUE, IOWA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JUNE 30, 2012**

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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, 2012. 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 \$501,055,013 (net assets). This was an increase of \$14,267,879 over net assets at June 30, 2011, primarily due to additions in buildings and infrastructure.
- Unrestricted net assets for governmental activities are negative \$16,876,991 due to TIF debt for the Port of Dubuque parking facility residing in governmental activities.
- The expenditures of the general fund exceeded revenues by \$2,806,995.
- The ending general fund balance was \$20,534,178.
- Within the City's business-type activities, revenues exceeded expenses and transfers by \$5,337,061.
- For the year, the revenues of the City's governmental activities exceeded expenses and transfers by \$8,930,818.
- The City's debt increased by \$60,351,700 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, 2012**

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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, 2012**

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

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

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

***Required supplementary information.*** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budget and actual results of the City 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, 2012**

**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 \$501,055,013 at the close of the most recent fiscal year.

The largest part of the City's net assets (95.8%) 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 103,424,724	\$ 81,209,017	\$ 27,940,257	\$ 23,201,501	\$ 131,364,981	\$ 104,410,518
Capital assets	373,651,594	357,667,559	227,670,280	194,460,412	601,321,874	552,127,971
Total assets	<u>477,076,318</u>	<u>438,876,576</u>	<u>255,610,537</u>	<u>217,661,913</u>	<u>732,686,855</u>	<u>656,538,489</u>
Long-term liabilities	84,275,424	62,478,404	100,869,706	68,252,575	185,145,130	130,730,979
Other liabilities	30,435,103	28,135,109	10,879,699	10,885,267	41,314,802	39,020,376
Total liabilities	<u>114,710,527</u>	<u>90,613,513</u>	<u>111,749,405</u>	<u>79,137,842</u>	<u>226,459,932</u>	<u>169,751,355</u>
Net assets:						
Invested in capital assets, net of related debt	347,890,769	329,416,245	132,237,734	135,026,753	480,128,503	464,442,998
Restricted	26,180,100	23,738,199	957,802	893,519	27,137,902	24,631,718
Unrestricted	(16,876,988)	(4,891,381)	10,665,596	2,603,799	(6,211,392)	(2,287,582)
Total net assets	<u>\$ 357,193,881</u>	<u>\$ 348,263,063</u>	<u>\$ 143,861,132</u>	<u>\$ 138,524,071</u>	<u>\$ 501,055,013</u>	<u>\$ 486,787,134</u>

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

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A portion of the City's net assets (5.4%) represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal year 2012 the City has negative total unrestricted net assets. For fiscal year 2012, 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 \$8,930,818 in 2012, primarily due to infrastructure added as part of the airport expansion, Bee Branch bridges and projects in the Millwork district. Taxes are the largest source of governmental revenues with property taxes of \$30,816,614 in 2012. Other governmental revenues included gaming of \$8,785,453, local option sales taxes of \$8,459,888 and \$13,288,852 of charges for services. Governmental expenses during 2012 totaled \$94,367,471. The largest programs were public safety of \$26,326,367, public works of \$22,917,747, community and economic development of \$22,030,950 and culture and recreation of \$12,749,558

***Business-type activities.*** Business-type activities increased net assets by \$5,337,061 in fiscal year 2012 compared to the 2011 increase of \$1,908,955, primarily due to new Central Street parking ramp and new equipment purchases in both Transit and Water Utility.

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 13,288,852	\$ 12,549,651	\$ 24,156,214	\$ 22,075,091	\$ 37,445,066	\$ 34,624,742
Operating grants and contributions	23,013,997	14,204,627	1,579,493	2,773,933	24,593,490	16,978,560
Capital grants and contributions	16,560,811	23,482,866	5,323,486	6,536,527	21,884,297	30,019,393
<b>General revenues</b>						
Property taxes	30,816,614	28,249,114	-	-	30,816,614	28,249,114
Local option sales tax	8,459,888	7,929,761	-	-	8,459,888	7,929,761
Hotel/motel tax	1,903,944	1,826,809	-	-	1,903,944	1,826,809
Utility franchise fees	2,272,481	2,488,858	-	-	2,272,481	2,488,858
Gaming	8,785,453	13,327,223	-	-	8,785,453	13,327,223
Unrestricted investment earnings	1,529,149	668,363	206,672	184,581	1,735,821	852,944
Gain on sale of capital assets	1,417,048	149,937	84,178	19,337	1,501,226	169,274
Other	-	622,494	-	-	-	622,494
<b>Total revenues</b>	<b>108,048,237</b>	<b>105,499,703</b>	<b>31,350,043</b>	<b>31,589,469</b>	<b>139,398,280</b>	<b>137,089,172</b>
<b>Expenses:</b>						
Public safety	26,326,367	23,759,068	-	-	26,326,367	23,759,068
Public works	22,917,747	18,978,423	-	-	22,917,747	18,978,423
Health and social services	913,954	1,072,347	-	-	913,954	1,072,347
Culture and recreation	12,749,558	10,911,733	-	-	12,749,558	10,911,733
Community and economic development	22,030,950	12,890,841	-	-	22,030,950	12,890,841
General government	6,133,983	9,052,704	-	-	6,133,983	9,052,704
Interest on long-term debt	3,294,912	3,294,951	-	-	3,294,912	3,294,951
Sewage disposal works	-	-	9,718,669	7,899,011	9,718,669	7,899,011
Water utility	-	-	7,410,710	6,523,993	7,410,710	6,523,993
Stormwater utility	-	-	2,750,767	2,811,321	2,750,767	2,811,321
Parking facilities	-	-	3,152,055	4,775,834	3,152,055	4,775,834
America's River Project	-	-	22,787	180,086	22,787	180,086
Refuse collection	-	-	3,173,075	2,828,891	3,173,075	2,828,891
Transit system	-	-	3,629,750	2,947,958	3,629,750	2,947,958
Salt	-	-	661,395	671,647	661,395	671,647
<b>Total expenses</b>	<b>94,367,471</b>	<b>79,960,067</b>	<b>30,519,208</b>	<b>28,638,741</b>	<b>124,886,679</b>	<b>108,598,808</b>
<b>Increase (decrease) in net assets</b>						
before extraordinary item and transfers	13,680,766	25,539,636	830,835	2,950,728	14,511,601	28,490,364
Extraordinary item	-	-	(243,722)	(2,253,036)	(243,722)	(2,253,036)
Transfers	(4,749,948)	(1,211,263)	4,749,948	1,211,263	-	-
<b>Increase (decrease) in net assets</b>	<b>8,930,818</b>	<b>24,328,373</b>	<b>5,337,061</b>	<b>1,908,955</b>	<b>14,267,879</b>	<b>26,237,328</b>
Net assets, beginning	348,263,063	323,934,690	138,524,071	136,615,116	486,787,134	460,549,806
<b>Net assets, ending</b>	<b>\$ 357,193,881</b>	<b>\$ 348,263,063</b>	<b>\$ 143,861,132</b>	<b>\$ 138,524,071</b>	<b>\$ 501,055,013</b>	<b>\$ 486,787,134</b>

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

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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 \$68,286,099 at June 30, 2012. \$16,519,415 is in non spendable for inventory, advances to other funds, receivables, and prepaid items. \$69,412 is non spendable endowment corpus. \$31,362,126 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 \$5,843,671 for capital improvements. \$5,549,803 is assigned for capital improvements and equipment. This leaves \$8,941,672 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 \$4,621,751 to \$20,534,178 due to an increase in notes receivable funded by long term debt.

The fund balance of special revenue fund Employee Benefits decreased by \$11,983 to \$33,084 due to a decline in delinquent tax receivables.

The fund balance of special revenue fund Community Development increased by \$4,568 to \$12,099,478 due to timing issues relative to grant revenue and related expenditures.

The fund balance of special revenue fund Tax Increment Financing increased by \$1,734,485 to \$4,399,634 due to an increase in transfers in and tax revenue.

The fund balance of the capital projects fund Street Construction decreased by \$459,945 to \$3,012,193 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 \$8,533,781 to \$17,312,534 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, 2012, totaled \$143,861,132 of which \$10,665,596 is unrestricted. The net assets of the internal service funds increased by \$619,003 to \$798,803 due to the City making additional contribution from General Fund to rebuild reserve after prior years' higher than normal health insurance and workers compensation claims. The unrestricted net assets of the internal service funds are \$767,345 (96.1%).

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

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The Water and Resource Recovery Center had a decrease in net assets of \$935,609 for total net assets of \$38,548,201 at June 30, 2012 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 \$243,722 due to final mercury cleanup activities.

The Water Utility had an increase in net assets of \$66,013 for total net assets of \$24,254,392, primarily due to new equipment.

The Storm Water Utility had a decrease in net assets of \$909,215 due to Bee Branch construction costs. Ending net assets are \$30,290,039.

The Parking Facilities had an increase in net assets of \$718,909 due to completion of Central Street Parking Ramp and land donation from Economic Development. Ending net assets are \$38,437,446.

Other Enterprise Funds increased by \$6,397,003 primarily due to Transits' increase of \$6,281,862. Transit received grant dollars for replacement of the entire bus fleet.

**BUDGETARY HIGHLIGHTS**

There were two amendments to the City's 2011-2012 cash basis budget. The first amendment was passed in September 2011 to reflect operating and capital budget carryovers (continuing appropriation authority) from 2011 and amended the FY 2012 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in April 2012 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 \$57,096,999. 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 \$113,985,239 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 \$47,709,746 less than the final amended budget, and cash basis expenditures were \$106,495,682 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, 2012**

**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, 2012, amounts to \$601,321,874 (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	
	2012	2011	2012	2011	2012	2011
Land	\$ 64,719,688	\$ 65,444,288	\$ 17,226,067	\$ 17,028,167	\$ 81,945,755	\$ 82,472,455
Buildings	125,968,862	125,774,456	94,924,124	85,942,961	220,892,986	211,717,417
Improvements other than buildings	16,685,857	16,648,148	72,619,054	70,117,869	89,304,911	86,766,017
Machinery and equipment	37,141,418	35,616,512	68,654,938	64,510,585	105,796,356	100,127,097
Infrastructure	210,567,846	197,987,110	-	-	210,567,846	197,987,110
Construction in progress	29,378,594	18,874,510	63,139,045	42,610,599	92,517,639	61,485,109
Accumulated depreciation	(110,810,671)	(102,677,465)	(88,892,948)	(85,749,769)	(199,703,619)	(188,427,234)
	<u>\$ 373,651,594</u>	<u>\$ 357,667,559</u>	<u>\$ 227,670,280</u>	<u>\$ 194,460,412</u>	<u>\$ 601,321,874</u>	<u>\$ 552,127,971</u>

Major expenditures during 2011-2012 were for the construction work on the Water and Resource Recovery Center plant, Bee Branch storm water projects, water meter replacement project, Millwork District projects, and Southwest Arterial.

*Long-term debt.* At year end the City had \$185,781,315 of debt outstanding. This is an increase of \$60,351,700 from June 30, 2011. New debt issued during the current year included general obligation bonds for \$33,935,000. 2011A series (\$6,330,000) proceeds of the bonds will be used to pay costs of acquisition, construction, reconstruction, improvements and equipping of waterworks, water mains, and extensions, including water main and fire hydrant replacements, pump station and laboratory improvements and field electrical upgrades; the construction of the Southwest Arterial freeway improvements; the acquisition of solid waste collections vehicles; the construction of the Bee Branch Creek Restoration Project and the acquisition of real property and right-of-way for the same; acquisition of flood control barriers; the construction, reconstruction, improvement and repair of sanitary sewer works and facilities including the installation of forcemain and sewer main extensions, the rehabilitation, reconstruction and replacement of existing sanitary sewers, and the acquisition, installation, replacement and improvement of pumping stations, motors, flow monitoring and other sanitary sewer control equipment and facilities, and the payment of costs associated with the stipulated civil penalty and supplemental environmental project required under Consent Decree with the federal and state authorities concerning the Water Pollution Control Plant and sanitary sewer system. In addition

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

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the proceeds will be used for the relamping of Iowa Street Parking Ramp facilities. 2011B series (\$1,590,000) proceeds of the bonds will be used to pay the cost of aiding in the planning, undertaking and carrying out the urban renewal project activities for the Dubuque Industrial Center West Economic Development District and the Greater Downtown Urban Renewal Area , including those costs associated with grading and road construction of the South Siegert farm area of DICW, emergency repairs to the Port of Dubuque parking Ramp and related litigation expenses, and the costs of the rehabilitation , renovation and reconstruction of the former 18th Street Fire Engine House #1, including the provisions of construction financing to the private developer undertaking the rehabilitation of the same. GO bonds 2012A series (\$4,380,000) were issued to provide funds to pay the costs of aiding in the planning and undertaking and carrying out of urban renewal project activities including those costs associated with the construction of an intermodal transportation center. 2012B series (\$7,495,000) proceeds will be used to pay the costs of the construction, reconstruction and repair of street, sidewalk and streetscape improvements, including those associated with the East 7th and Commercial Street reconstruction and related improvements, two-way street traffic conversions, and Historic Millwork District complete streets improvements, and the refunding and refinancing of the General Obligation Capital Loan Notes Series 2010F. 2012C series (\$6,965,000) provide funds to pay the costs of reconstruction, extension and improvements of the Dubuque Regional Airport; and aiding in the planning, undertaking and carrying out of urban renewal project activities for the Dubuque Industrial Center West Economic Development District (DICW) and the Greater Downtown Urban Renewal District, including those costs associated with grading, road construction, bridge, utilities extension and development of a recreation area on the South Siegert Farm area of the DICW and the funding of development incentives in the Washington Neighborhood Subarea of the Greater Downtown Urban Renewal District. 2012D series (\$7,175,000) proceeds will be used to pay costs of E911 Tower relocation; equipping the municipal fire department; rehabilitation and improvement of existing City parks; FEMA land buyouts for acquisition and demolition of abandoned, dilapidated or dangerous buildings, structures or properties, acquisition, construction, extension and improvement of works and facilities useful for the collection, treatment and disposal of sewage and industrial waste and for the collection and disposal of surface water and streams; acquisition, construction, improvement, repair and equipping of the municipal water utility and real and personal property useful for providing potable water; aiding in the planning, undertaking and carrying out of urban renewal project activities for the DICW and the Greater Downtown Urban Renewal District including those costs associated with grading, road construction, bridge, utilities extension and development of a recreation area on the South Siegert Farm area of the DICW; City Hall repairs and improvements, including brick tuck pointing and reconstruction, repair and improvement of Fire Station #4, the Civic Center and the Grand River Conference Center.

The City also received disbursements from the State Revolving Fund construction loan program of \$29,401,340. \$755,174 is construction loan funds for storm water projects; \$27,931,664 is

**CITY OF DUBUQUE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012**

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construction loan for sanitary sewer, and \$714,502 is construction loan funds for the City's water meter replacement project. The City also received a \$4,500,000 from the Iowa Housing Authority for Caradco warehouse property in the Millwork District.

The City continues to operate under the State debt capacity limitations. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Thus our debt capacity is \$177,667,991. With \$142,316,000 of debt applicable against the capacity, we are utilizing 80.1% 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 5.2%, a 0.6% decrease from the prior year, and lower than both the State of Iowa's 5.5% rate and 8.2% national rate.

The assessed valuation of taxable property, net of exemptions, increased by 3.9% to \$2,243,474. In fiscal year 2012, the minimum monthly refuse rate increased \$0.97 to \$11.69, sewer rates increased 15%, water rates increased 15%, and the storm water monthly fee remained the same at \$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, 2012**  
City of Dubuque, Iowa

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	Primary Government			Component Units	
	Governmental	Business-type	Total	Dubuque	Dubuque
	Activities	Activities		Metropolitan Area Solid Waste Agency	Initiatives and Subsidiaries
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and pooled cash investments	\$ 49,242,295	\$ 21,446,759	\$ 70,689,054	\$ 5,605,405	\$ 2,193,333
Receivables					
Property tax					
Delinquent	216,814	-	216,814	-	-
Succeeding year	22,750,684	-	22,750,684	-	-
Accounts and other	1,560,525	3,841,721	5,402,246	270,943	92,147
Special assessments	790,879	-	790,879	-	-
Accrued interest	159,859	29,657	189,516	4,839	38,389
Notes	1,157,080	-	1,157,080	-	34,697
Intergovernmental	8,553,182	899,465	9,452,647	-	-
Internal balances	198,873	(198,873)	-	-	-
Inventories	1,437,458	538,726	1,976,184	-	530,251
Prepaid items	157,046	425,000	582,046	14,118	16,500
Restricted cash	-	-	-	-	1,253,005
Total Current Assets	<u>86,224,695</u>	<u>26,982,455</u>	<u>113,207,150</u>	<u>5,895,305</u>	<u>4,158,322</u>
<b>NONCURRENT ASSETS</b>					
Temporarily restricted cash and pooled cash investments	2,184,202	957,802	3,142,004	4,501,308	915,764
Permanently restricted cash and pooled cash investments	69,412	-	69,412	-	-
Notes receivable	14,946,415	-	14,946,415	-	11,058,002
Capital assets					
Land	64,719,688	17,226,067	81,945,755	2,776,217	131,983
Buildings	125,968,862	94,924,124	220,892,986	65,922	44,444,260
Improvements other than buildings	16,685,857	72,619,054	89,304,911	6,364,906	32,816
Machinery and equipment	37,141,418	68,654,938	105,796,356	3,909,301	-
Infrastructure	210,567,846	-	210,567,846	-	-
Construction in progress	29,378,594	63,139,045	92,517,639	299,300	-
Accumulated depreciation	(110,810,671)	(88,892,948)	(199,703,619)	(7,985,818)	(2,495,724)
Total Noncurrent Assets	<u>390,851,623</u>	<u>228,628,082</u>	<u>619,479,705</u>	<u>9,931,136</u>	<u>54,087,101</u>
Total Assets	<u>477,076,318</u>	<u>255,610,537</u>	<u>732,686,855</u>	<u>15,826,441</u>	<u>58,245,423</u>

	Primary Government			Component Units	
	Governmental	Business-type	Total	Dubuque	Dubuque
	Activities	Activities		Metropolitan	Initiatives
			Area Solid	and	
			Waste Agency	Subsidiaries	
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 6,900,858	\$ 6,012,106	\$ 12,912,964	\$ 119,622	\$ 510,307
Accrued payroll	253,314	109,847	363,161	13,731	-
Loans payable	47,143	21,931	69,074	-	-
Notes payable	208,702	2,456,402	2,665,104	-	609,190
General obligation bonds payable	2,534,046	1,700,504	4,234,550	-	-
Revenue bonds payable	-	260,000	260,000	-	-
Tax increment financing bonds payable	346,617	-	346,617	-	-
Accrued compensated absences	194,134	28,781	222,915	535	-
Accrued interest payable	329,815	290,128	619,943	-	105,706
Intergovernmental payable	4,293	-	4,293	61,475	-
Unearned revenue					
Succeeding year property tax	22,750,684	-	22,750,684	-	-
Other	196,139	-	196,139	-	-
Total Current Liabilities	<u>33,765,745</u>	<u>10,879,699</u>	<u>44,645,444</u>	<u>195,363</u>	<u>1,225,203</u>
<b>NONCURRENT LIABILITIES</b>					
Loans payable	4,688,571	309,304	4,997,875	-	-
Notes payable	1,558,962	59,501,347	61,060,309	-	29,904,035
General obligation bonds payable	50,553,765	33,407,499	83,961,264	-	-
Revenue bonds payable	-	6,261,905	6,261,905	-	-
Landfill closure and postclosure care	-	-	-	4,106,246	-
Tax increment financing bonds payable	21,911,666	-	21,911,666	-	-
Accrued compensated absences	5,171,910	911,059	6,082,969	277,862	-
Net OPEB liability	2,231,818	478,592	2,710,410	48,556	-
Total Noncurrent Liabilities	<u>86,116,692</u>	<u>100,869,706</u>	<u>186,986,398</u>	<u>4,432,664</u>	<u>29,904,035</u>
Total Liabilities	<u>119,882,437</u>	<u>111,749,405</u>	<u>231,631,842</u>	<u>4,628,027</u>	<u>31,129,238</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	347,890,769	132,237,734	480,128,503	5,429,829	11,600,110
Restricted for/by:					
Bond ordinance/development agreement	2,092,575	957,802	3,050,377	-	-
Debt service	168,141	-	168,141	-	-
Employee benefits	33,084	-	33,084	-	-
Community development	13,062,515	-	13,062,515	-	-
Iowa Finance Authority trust	250,892	-	250,892	-	-
Capital projects	8,713,045	-	8,713,045	-	-
Franchise agreement	246,395	-	246,395	-	-
Endowments, expendable	66,632	-	66,632	-	-
Endowments, nonexpendable	69,412	-	69,412	-	-
Other	1,477,409	-	1,477,409	-	-
State statute	-	-	-	345,408	-
Minority interest	-	-	-	1,231,061	-
Unrestricted	(16,876,988)	10,665,596	(6,211,392)	4,192,117	15,516,075
Total Net Assets	<u>\$ 357,193,881</u>	<u>\$ 143,861,132</u>	<u>\$ 501,055,013</u>	<u>\$ 11,198,415</u>	<u>\$ 27,116,185</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2012**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities				
Public safety	\$ 26,326,367	\$ 2,915,562	\$ 154,036	\$ 902,857
Public works	22,917,747	5,178,439	6,466,680	15,136,452
Health and social services	913,954	112,476	10,329	21,572
Culture and recreation	12,749,558	2,321,553	1,380,867	381,431
Community and economic development	22,030,950	728,692	14,278,683	117,975
General government	6,133,983	2,032,130	723,402	524
Interest on long-term debt	3,294,912	-	-	-
Total governmental activities	<u>94,367,471</u>	<u>13,288,852</u>	<u>23,013,997</u>	<u>16,560,811</u>
Business-type activities				
Sewage disposal works	9,718,669	7,827,281	-	486,321
Water utility	7,410,710	6,037,073	9,937	521,659
Stormwater utility	2,750,767	3,180,134	74,300	900,031
Parking facilities	3,152,055	2,908,989	70,200	203,927
America's River Project	22,787	-	-	-
Refuse collection	3,173,075	3,257,960	-	22,513
Transit system	3,629,750	278,835	1,425,056	3,189,035
Salt	661,395	665,942	-	-
Total business-type activities	<u>30,519,208</u>	<u>24,156,214</u>	<u>1,579,493</u>	<u>5,323,486</u>
Total primary government	<u>\$ 124,886,679</u>	<u>\$ 37,445,066</u>	<u>\$ 24,593,490</u>	<u>\$ 21,884,297</u>
<b>Component units</b>				
Dubuque Metropolitan Area Solid Waste Agency	\$ 3,976,027	\$ 4,100,388	\$ 24,499	\$ -
Dubuque Initiatives and Subsidiaries	4,971,762	2,925,639	457,500	10,991,608
Total component units	<u>\$ 8,947,789</u>	<u>\$ 7,026,027</u>	<u>\$ 481,999</u>	<u>\$ 10,991,608</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				
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
\$ (22,353,912)	\$ -	\$ (22,353,912)	\$ -	\$ -
3,863,824	-	3,863,824	-	-
(769,577)	-	(769,577)	-	-
(8,665,707)	-	(8,665,707)	-	-
(6,905,600)	-	(6,905,600)	-	-
(3,377,927)	-	(3,377,927)	-	-
(3,294,912)	-	(3,294,912)	-	-
<u>(41,503,811)</u>	<u>-</u>	<u>(41,503,811)</u>	<u>-</u>	<u>-</u>
-	(1,405,067)	(1,405,067)	-	-
-	(842,041)	(842,041)	-	-
-	1,403,698	1,403,698	-	-
-	31,061	31,061	-	-
-	(22,787)	(22,787)	-	-
-	107,398	107,398	-	-
-	1,263,176	1,263,176	-	-
-	4,547	4,547	-	-
-	<u>539,985</u>	<u>539,985</u>	<u>-</u>	<u>-</u>
<u>\$ (41,503,811)</u>	<u>\$ 539,985</u>	<u>\$ (40,963,826)</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	148,860	-
-	-	-	-	9,402,985
-	-	-	<u>148,860</u>	<u>9,402,985</u>
30,816,614	-	30,816,614	-	-
8,459,888	-	8,459,888	-	-
1,903,944	-	1,903,944	-	-
2,272,481	-	2,272,481	-	-
8,785,453	-	8,785,453	-	-
1,529,149	206,672	1,735,821	32,277	600,092
1,417,048	84,178	1,501,226	-	-
-	(243,722)	(243,722)	-	-
(4,749,948)	4,749,948	-	-	-
50,434,629	4,797,076	55,231,705	32,277	600,092
8,930,818	5,337,061	14,267,879	181,137	10,003,077
348,263,063	138,524,071	486,787,134	11,017,278	17,113,108
<u>\$ 357,193,881</u>	<u>\$ 143,861,132</u>	<u>\$ 501,055,013</u>	<u>\$ 11,198,415</u>	<u>\$ 27,116,185</u>

**CITY OF DUBUQUE, IOWA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	Special Revenue			Capital Projects		Other		Total
	General	Employee Benefits	Tax Increment Financing	Community Development	Street Construction	General Construction	Governmental Funds	
<b>ASSETS</b>								
Cash and pooled cash investments	\$ 13,139,302	\$ -	\$ 2,224,398	\$ 1,842,451	\$ 3,365,964	\$ 17,224,805	\$ 9,191,079	\$ 46,987,999
Receivables								
Property tax								
Delinquent	175,474	36,043	-	-	-	-	5,297	216,814
Succeeding year	18,125,134	4,265,327	-	-	-	-	360,223	22,750,684
Accounts and other	1,372,259	-	-	-	-	-	169,858	1,542,117
Special assessments	-	-	-	-	-	-	790,879	790,879
Accrued interest	60,606	-	42,886	35,910	5,853	496	12,604	158,355
Notes	5,036,733	-	37,000	10,161,344	-	210,618	657,800	16,103,495
Intergovernmental	1,922,114	-	-	1,052,140	2,558,642	-	3,020,286	8,553,182
Due from other funds	148,835	-	-	-	-	-	-	148,835
Inventories	407,579	-	-	-	-	-	951,910	1,359,489
Advances to other funds	56,465	-	-	-	-	-	-	56,465
Prepaid items	112,582	-	24,450	8,598	-	-	11,416	157,046
Restricted cash and pooled cash investments	-	-	2,092,575	-	-	-	161,039	2,253,614
Total Assets	<u>\$ 40,557,083</u>	<u>\$ 4,301,370</u>	<u>\$ 4,421,309</u>	<u>\$ 13,100,443</u>	<u>\$ 5,930,459</u>	<u>\$ 17,435,919</u>	<u>\$ 15,332,391</u>	<u>\$ 101,078,974</u>

	Special Revenue				Capital Projects		Other Governmental Funds	Total
	General	Employee Benefits	Tax Increment Financing	Community Development	Street Construction	General Construction		
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 1,348,963	\$ -	\$ 21,675	\$ 986,596	\$ 800,943	\$ 123,385	\$ 2,072,501	\$ 5,354,063
Accrued payroll	180,379	-	-	7,217	-	-	34,108	221,704
Intergovernmental payable	-	-	-	-	-	-	4,293	4,293
Deferred revenue								
Succeeding year property tax	18,125,134	4,265,327	-	-	-	-	360,223	22,750,684
Other	368,429	2,959	-	7,152	2,117,323	-	1,966,268	4,462,131
Total Liabilities	<u>20,022,905</u>	<u>4,268,286</u>	<u>21,675</u>	<u>1,000,965</u>	<u>2,918,266</u>	<u>123,385</u>	<u>4,437,393</u>	<u>32,792,875</u>
<b>FUND BALANCES</b>								
<b>Nonspendable</b>								
Endowment corpus	-	-	-	-	-	-	69,412	69,412
Inventory	407,579	-	-	-	-	-	951,910	1,359,489
Long-term notes receivable	5,036,733	-	-	9,698,812	-	210,618	252	14,946,415
Prepaid items	112,582	-	24,450	8,598	-	-	11,416	157,046
Advances to other funds	56,465	-	-	-	-	-	-	56,465
<b>Restricted</b>								
Endowments	-	-	-	-	-	-	66,632	66,632
Library	-	-	-	-	-	-	1,228,694	1,228,694
Debt service	-	-	-	-	-	-	168,141	168,141
Bond ordinance	-	-	2,092,575	-	-	-	-	2,092,575
Capital improvements	-	-	2,282,609	-	-	17,101,916	4,287,368	23,671,893
Franchise agreement	-	-	-	-	-	-	246,395	246,395
Special assessments	-	-	-	-	-	-	245,218	245,218
Claims	-	-	-	-	-	-	3,497	3,497
Iowa Finance Authority trust	-	-	-	-	-	-	250,892	250,892
Community programs	-	-	-	2,392,068	-	-	963,037	3,355,105
Employee benefits	-	33,084	-	-	-	-	-	33,084
Committed, capital improvements	-	-	-	-	3,012,193	-	2,831,478	5,843,671
<b>Assigned</b>								
DRA gaming and distribution	5,549,803	-	-	-	-	-	-	5,549,803
Unassigned	9,371,016	-	-	-	-	-	(429,344)	8,941,672
Total Fund Balances	<u>20,534,178</u>	<u>33,084</u>	<u>4,399,634</u>	<u>12,099,478</u>	<u>3,012,193</u>	<u>17,312,534</u>	<u>10,894,998</u>	<u>68,286,099</u>
Total Liabilities and Fund Balances	<u>\$ 40,557,083</u>	<u>\$ 4,301,370</u>	<u>\$ 4,421,309</u>	<u>\$ 13,100,443</u>	<u>\$ 5,930,459</u>	<u>\$ 17,435,919</u>	<u>\$ 15,332,391</u>	<u>\$ 101,078,974</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2012**

**EXHIBIT 3-1**

Total fund balances - governmental funds \$ 68,286,099

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	\$ 484,360,527	
Accumulated depreciation	<u>(110,740,391)</u>	
		373,620,136

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	26,394	
Special assessments	547,366	
Other	<u>3,692,232</u>	
		4,265,992

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.

798,803

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

General obligation bonds	(53,087,811)	
Tax increment financing bonds	(22,258,283)	
Notes payable	(1,767,664)	
Loans payable	(4,735,714)	
Accrued interest	(329,815)	
Compensated absences	(5,366,044)	
Net OPEB liability	<u>(2,231,818)</u>	
		<u>(89,777,149)</u>

Net assets of governmental activities \$ 357,193,881

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, 2012**

	Special Revenue				Capital Projects		Other Governmental Funds	Total
	General	Employee Benefits	Tax		Street Construction	General Construction		
			Increment Financing	Community Development				
<b>REVENUES</b>								
Taxes	\$ 25,805,872	\$ 3,535,586	\$ 9,590,342	\$ -	\$ 2,389,803	\$ -	\$ 2,122,066	\$ 43,443,669
Special assessments	-	-	-	-	-	-	596,138	596,138
Licenses and permits	1,570,022	-	-	-	-	-	-	1,570,022
Intergovernmental	3,256,423	-	28,370	10,094,549	7,166,800	2,788,526	14,240,115	37,574,783
Charges for services	9,074,084	-	-	8,688	14,703	-	198,854	9,296,329
Fines and forfeits	525,389	-	-	-	-	-	-	525,389
Investment earnings	393,016	-	833,847	103,268	19,046	40,276	121,984	1,511,437
Contributions	528,589	-	-	-	4,090	8,705	1,036,992	1,578,376
Gaming	8,785,453	-	-	-	-	-	-	8,785,453
Miscellaneous	129,588	-	305,511	113,473	-	5,420	765,566	1,319,558
<b>Total Revenues</b>	<b>50,068,436</b>	<b>3,535,586</b>	<b>10,758,070</b>	<b>10,319,978</b>	<b>9,594,442</b>	<b>2,842,927</b>	<b>19,081,715</b>	<b>106,201,154</b>
<b>EXPENDITURES</b>								
Current								
Public safety	24,476,772	-	-	-	-	-	-	24,476,772
Public works	7,901,994	-	-	77,082	-	-	4,406,853	12,385,929
Health and social services	777,129	-	-	51,708	-	-	-	828,837
Culture and recreation	10,649,075	-	5,402	141,188	-	-	77,809	10,873,474
Community and economic development	3,380,056	-	3,629,989	10,608,644	-	-	4,618,451	22,237,140
General government	5,636,281	276	-	-	-	-	699,390	6,335,947
Debt service								
Principal	35,000	-	2,059,420	-	-	-	1,130,260	3,224,680
Interest and fiscal charges	19,124	-	2,642,710	-	-	-	558,712	3,220,546
Capital projects	-	-	-	-	10,836,538	4,063,126	8,560,227	23,459,891
<b>Total Expenditures</b>	<b>52,875,431</b>	<b>276</b>	<b>8,337,521</b>	<b>10,878,622</b>	<b>10,836,538</b>	<b>4,063,126</b>	<b>20,051,702</b>	<b>107,043,216</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,806,995)</b>	<b>3,535,310</b>	<b>2,420,549</b>	<b>(558,644)</b>	<b>(1,242,096)</b>	<b>(1,220,199)</b>	<b>(969,987)</b>	<b>(842,062)</b>

	Special Revenue				Capital Projects		Other Governmental Funds	Total
	General	Employee Benefits	Tax		Street Construction	General Construction		
			Increment Financing	Community Development				
OTHER FINANCING SOURCES (USES)								
Issuance of debt	4,944,780	-	5,931,395	-	1,005,710	11,103,128	4,230,350	27,215,363
Discount on bonds	(26,321)	-	-	-	-	(45,368)	-	(71,689)
Premium on bonds	43,171	-	27,427	-	12,909	-	40,483	123,990
Transfers in	4,848,561	-	808,953	492,114	116,985	652	2,506,122	8,773,387
Transfers out	(3,078,464)	(3,547,293)	(7,453,839)	-	(485,878)	(2,758,192)	(1,012,937)	(18,336,603)
Insurance recovery	-	-	-	-	132,425	-	-	132,425
Sale of capital assets	697,019	-	-	71,098	-	1,453,760	-	2,221,877
Total Other Financing Sources (Uses)	<u>7,428,746</u>	<u>(3,547,293)</u>	<u>(686,064)</u>	<u>563,212</u>	<u>782,151</u>	<u>9,753,980</u>	<u>5,764,018</u>	<u>20,058,750</u>
NET CHANGE IN FUND BALANCES	4,621,751	(11,983)	1,734,485	4,568	(459,945)	8,533,781	4,794,031	19,216,688
FUND BALANCES, BEGINNING	<u>15,912,427</u>	<u>45,067</u>	<u>2,665,149</u>	<u>12,094,910</u>	<u>3,472,138</u>	<u>8,778,753</u>	<u>6,100,967</u>	<u>49,069,411</u>
FUND BALANCES, ENDING	<u>\$ 20,534,178</u>	<u>\$ 33,084</u>	<u>\$ 4,399,634</u>	<u>\$ 12,099,478</u>	<u>\$ 3,012,193</u>	<u>\$ 17,312,534</u>	<u>\$ 10,894,998</u>	<u>\$ 68,286,099</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, 2012**

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Net change in fund balances - total governmental funds \$ 19,216,688

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	\$ 23,572,494	
Transfers of capital assets from enterprise funds	2,799,256	
Transfers of capital assets to enterprise funds	(197,900)	
Contributions from developers and federal government	127,087	
Depreciation expense	<u>(8,766,933)</u>	
		17,534,004

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. (1,542,404)

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	2,111	
Special assessments	16,416	
Other	<u>134,284</u>	
		152,811

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	\$ (27,215,363)	
Discounts and premiums on bonds issued	(52,301)	
Debt repayments	<u>3,224,680</u>	(24,042,984)

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

Increase in accrued interest	(80,354)	
Amortization of bond discount/premium	5,988	
Increase in compensated absences	(2,619,051)	
Increase in net OPEB liability	<u>(312,883)</u>	(3,006,300)
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.

	<u>619,003</u>
Change in net assets of governmental activities	<u>\$ 8,930,818</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and pooled cash investments	\$ 7,211,648	\$ 5,764,976	\$ 1,228,055	\$ 1,427,859
Receivables				
Accounts	2,241,050	769,107	339,988	154,307
Accrued interest	11,961	7,085	3,469	4,239
Intergovernmental	83,626	145,452	-	-
Inventories	-	538,726	-	-
Prepaid items	-	425,000	-	-
Total Current Assets	<u>9,548,285</u>	<u>7,650,346</u>	<u>1,571,512</u>	<u>1,586,405</u>
<b>NONCURRENT ASSETS</b>				
Restricted cash and pooled cash investments	-	684,712	-	273,090
Advances to other funds	-	<u>3,058,000</u>	-	-
Capital assets				
Land	167,855	59,898	15,332,849	1,629,465
Buildings	31,598,780	8,403,073	-	52,859,249
Improvements other than buildings	37,731,311	761,957	31,729,139	2,396,647
Machinery and equipment	13,878,701	44,120,683	960,367	1,509,363
Construction in progress	46,452,062	82,258	15,956,138	-
Accumulated depreciation	<u>(42,130,518)</u>	<u>(22,026,605)</u>	<u>(9,561,311)</u>	<u>(10,529,221)</u>
Net Capital Assets	<u>87,698,191</u>	<u>31,401,264</u>	<u>54,417,182</u>	<u>47,865,503</u>
Total Noncurrent Assets	<u>87,698,191</u>	<u>35,143,976</u>	<u>54,417,182</u>	<u>48,138,593</u>
Total Assets	<u>97,246,476</u>	<u>42,794,322</u>	<u>55,988,694</u>	<u>49,724,998</u>

**EXHIBIT 5**

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ 23,966	\$ 5,790,255	\$ 21,446,759	\$ 2,254,296
-	337,269	3,841,721	18,408
2	2,901	29,657	1,504
-	670,387	899,465	-
-	-	538,726	77,969
-	-	425,000	-
<u>23,968</u>	<u>6,800,812</u>	<u>27,181,328</u>	<u>2,352,177</u>
-	-	957,802	-
-	-	<u>3,058,000</u>	-
-	36,000	17,226,067	-
-	2,063,022	94,924,124	-
-	-	72,619,054	-
-	8,185,824	68,654,938	101,738
-	648,587	63,139,045	-
-	(4,645,293)	(88,892,948)	(70,280)
-	<u>6,288,140</u>	<u>227,670,280</u>	<u>31,458</u>
-	<u>6,288,140</u>	<u>231,686,082</u>	<u>31,458</u>
<u>23,968</u>	<u>13,088,952</u>	<u>258,867,410</u>	<u>2,383,635</u>

(Continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 4,496,097	\$ 239,555	\$ 1,208,055	\$ 11,897
Accrued payroll	24,362	25,621	3,668	9,529
Loans payable - current	-	-	-	21,931
General obligation bonds payable	208,142	238,339	672,595	577,494
Revenue bonds payable	-	260,000	-	-
Capital loan notes payable	1,719,468	275,000	461,934	-
Accrued compensated absences	8,358	535	535	3,780
Accrued interest payable	126,491	43,898	70,601	48,865
Due to other funds	-	-	-	-
Total Current Liabilities	<u>6,582,918</u>	<u>1,082,948</u>	<u>2,417,388</u>	<u>673,496</u>
<b>NONCURRENT LIABILITIES</b>				
Advances from other funds	3,058,000	56,465	-	-
Loans payable	-	-	-	309,304
General obligation bonds payable	4,205,512	4,095,680	14,800,834	10,205,947
Revenue bonds payable	-	6,261,905	-	-
Capital loan notes payable	44,444,530	6,612,000	8,444,817	-
Accrued Compensated Absences	280,904	296,917	9,207	53,651
Net OPEB liability	126,411	134,015	26,409	45,154
Total Noncurrent Liabilities	<u>52,115,357</u>	<u>17,456,982</u>	<u>23,281,267</u>	<u>10,614,056</u>
Total Liabilities	<u>58,698,275</u>	<u>18,539,930</u>	<u>25,698,655</u>	<u>11,287,552</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	40,825,546	15,599,176	31,735,141	37,893,133
Restricted by bond ordinance/development agreement	-	684,712	-	273,090
Unrestricted	(2,277,345)	7,970,504	(1,445,102)	271,223
Total Net Assets	<u>\$ 38,548,201</u>	<u>\$ 24,254,392</u>	<u>\$ 30,290,039</u>	<u>\$ 38,437,446</u>

See notes to financial statements.

**EXHIBIT 5**  
**(continued)**

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ 680	\$ 55,822	\$ 6,012,106	\$ 1,546,795
-	46,667	109,847	31,610
-	-	21,931	-
-	3,934	1,700,504	-
-	-	260,000	-
-	-	2,456,402	-
-	15,573	28,781	-
-	273	290,128	-
-	142,408	142,408	6,427
<u>680</u>	<u>264,677</u>	<u>11,022,107</u>	<u>1,584,832</u>
-	-	3,114,465	-
-	-	309,304	-
-	99,526	33,407,499	-
-	-	6,261,905	-
-	-	59,501,347	-
-	270,380	911,059	-
-	146,603	478,592	-
<u>-</u>	<u>516,509</u>	<u>103,984,171</u>	<u>-</u>
<u>680</u>	<u>781,186</u>	<u>115,006,278</u>	<u>1,584,832</u>
-	6,184,738	132,237,734	31,458
-	-	957,802	-
23,288	6,123,028	10,665,596	767,345
<u>\$ 23,288</u>	<u>\$ 12,307,766</u>	<u>\$ 143,861,132</u>	<u>\$ 798,803</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 7,558,769	\$ 6,036,808	\$ 3,152,344	\$ 2,676,486
Other	<u>268,512</u>	<u>265</u>	<u>27,790</u>	<u>232,503</u>
Total Operating Revenues	<u>7,827,281</u>	<u>6,037,073</u>	<u>3,180,134</u>	<u>2,908,989</u>
<b>OPERATING EXPENSES</b>				
Employee expense	3,143,449	2,857,542	917,648	893,987
Utilities	551,810	519,320	2,649	214,229
Repairs and maintenance	592,981	151,600	20,147	165,823
Supplies and services	2,623,794	2,305,135	546,531	330,603
Insurance	106,427	61,597	10,136	47,113
Depreciation	<u>1,412,591</u>	<u>955,090</u>	<u>426,347</u>	<u>972,763</u>
Total Operating Expenses	<u>8,431,052</u>	<u>6,850,284</u>	<u>1,923,458</u>	<u>2,624,518</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(603,771)</u>	<u>(813,211)</u>	<u>1,256,676</u>	<u>284,471</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	143,438	155,369	524,785	203,927
Investment earnings	65,167	49,990	30,368	38,747
Contributions	-	9,937	74,300	70,200
Interest expense	(1,287,617)	(560,426)	(827,309)	(527,537)
Gain (loss) on disposal of assets	<u>204,901</u>	<u>557</u>	<u>-</u>	<u>-</u>
Net Nonoperating Revenues (Expenses)	<u>(874,111)</u>	<u>(344,573)</u>	<u>(197,856)</u>	<u>(214,663)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, EXTRAORDINARY ITEMS AND TRANSFERS</b>	<u>(1,477,882)</u>	<u>(1,157,784)</u>	<u>1,058,820</u>	<u>69,808</u>
<b>CAPITAL CONTRIBUTIONS</b>	342,883	366,290	375,246	197,900
<b>EXTRAORDINARY ITEM, MERCURY CLEANUP</b>	(243,722)	-	-	-
<b>TRANSFERS IN</b>	807,291	896,334	244,473	584,962
<b>TRANSFERS OUT</b>	<u>(364,179)</u>	<u>(38,827)</u>	<u>(2,587,754)</u>	<u>(133,761)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(935,609)</u>	<u>66,013</u>	<u>(909,215)</u>	<u>718,909</u>
<b>NET ASSETS, BEGINNING</b>	<u>39,483,810</u>	<u>24,188,379</u>	<u>31,199,254</u>	<u>37,718,537</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 38,548,201</u>	<u>\$ 24,254,392</u>	<u>\$ 30,290,039</u>	<u>\$ 38,437,446</u>

See notes to financial statements.

**EXHIBIT 6**

Enterprise Funds		Governmental	
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 4,102,183	\$ 23,526,590	\$ 11,260,418
-	100,554	629,624	40,576
-	<u>4,202,737</u>	<u>24,156,214</u>	<u>11,300,994</u>
116	3,507,029	11,319,771	2,831,509
-	60,783	1,348,791	23,117
-	540,517	1,471,068	30,501
22,671	2,624,408	8,453,142	9,913,373
-	56,724	281,997	105,550
-	<u>671,629</u>	<u>4,438,420</u>	<u>7,565</u>
<u>22,787</u>	<u>7,461,090</u>	<u>27,313,189</u>	<u>12,911,615</u>
(22,787)	(3,258,353)	(3,156,975)	(1,610,621)
-	4,636,604	5,664,123	-
(340)	22,740	206,672	17,712
-	-	154,437	-
-	(3,130)	(3,206,019)	-
-	<u>(121,280)</u>	<u>84,178</u>	<u>-</u>
<u>(340)</u>	<u>4,534,934</u>	<u>2,903,391</u>	<u>17,712</u>
(23,127)	1,276,581	(253,584)	(1,592,909)
-	-	1,282,319	-
-	-	(243,722)	-
23,087	5,331,595	7,887,742	2,211,912
-	<u>(211,173)</u>	<u>(3,335,694)</u>	<u>-</u>
(40)	6,397,003	5,337,061	619,003
<u>23,328</u>	<u>5,910,763</u>	<u>138,524,071</u>	<u>179,800</u>
<u>\$ 23,288</u>	<u>\$ 12,307,766</u>	<u>\$ 143,861,132</u>	<u>\$ 798,803</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 6,151,081	\$ 5,947,709	\$ 3,140,763	\$ 2,607,420
Cash payments to suppliers for goods and services	(6,776,017)	(3,007,358)	(730,647)	(1,934,995)
Cash payments to employees for services	(2,988,212)	(2,724,392)	(916,720)	(873,291)
Other operating receipts	268,512	265	27,790	232,503
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>(3,344,636)</u>	<u>216,224</u>	<u>1,521,186</u>	<u>31,637</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	807,291	896,334	244,473	387,062
Transfers to other funds	(216,311)	-	-	(108,953)
Proceeds from interfund balances	225,405	-	-	-
Payment of interfund balances	-	(278,926)	-	-
Intergovernmental grant proceeds	1,255,468	-	-	-
Payments for extraordinary item	(243,722)	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<u>1,828,131</u>	<u>617,408</u>	<u>244,473</u>	<u>278,109</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	204,901	557	-	-
Acquisition and construction of capital assets	(25,475,015)	(1,516,354)	(7,550,511)	(372,974)
Proceeds from issuance of debt	30,819,996	4,061,252	5,474,964	234,330
Premium on Debt Issuance	32,475	52,083	-	-
Payment of debt	(184,520)	(739,000)	(2,697,994)	(616,628)
Interest paid	(1,215,787)	(558,308)	(818,756)	(528,916)
Contributions	-	9,937	74,300	70,200
Intergovernmental grant proceeds	-	9,917	2,989,318	548,583
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>4,182,050</u>	<u>1,320,084</u>	<u>(2,528,679)</u>	<u>(665,405)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	66,128	50,443	29,800	34,508
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,731,673	2,204,159	(733,220)	(321,151)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>4,479,975</u>	<u>4,245,529</u>	<u>1,961,275</u>	<u>2,022,100</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 7,211,648</u>	<u>\$ 6,449,688</u>	<u>\$ 1,228,055</u>	<u>\$ 1,700,949</u>

**EXHIBIT 7**

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 4,098,583	\$ 21,945,556	\$ 11,424,844
(22,976)	(3,232,186)	(15,704,179)	(9,764,846)
(116)	(3,415,676)	(10,918,407)	(2,858,620)
-	100,554	629,624	40,576
<u>(23,092)</u>	<u>(2,448,725)</u>	<u>(4,047,406)</u>	<u>(1,158,046)</u>
23,087	5,331,595	7,689,842	2,211,912
-	(211,173)	(536,437)	-
-	142,408	367,813	-
-	(107,173)	(386,099)	6,427
-	5,727,122	6,982,590	-
-	-	(243,722)	-
<u>23,087</u>	<u>10,882,779</u>	<u>13,873,987</u>	<u>2,218,339</u>
-	77,733	283,191	-
-	(4,251,485)	(39,166,339)	-
-	35,780	40,626,322	-
-	460	85,018	-
-	(2,787)	(4,240,929)	-
-	(3,040)	(3,124,807)	-
-	-	154,437	-
-	-	3,547,818	-
-	<u>(4,143,339)</u>	<u>(1,835,289)</u>	-
<u>(223)</u>	<u>24,447</u>	<u>205,103</u>	<u>19,675</u>
(228)	4,315,162	8,196,395	1,079,968
24,194	1,475,093	14,208,166	1,174,328
<u>\$ 23,966</u>	<u>\$ 5,790,255</u>	<u>\$ 22,404,561</u>	<u>\$ 2,254,296</u>

(Continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	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)	\$ (603,771)	\$ (813,211)	\$ 1,256,676	\$ 284,471
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	1,412,591	955,090	426,347	972,763
Change in assets and liabilities				
(Increase) decrease in receivables	(1,407,688)	(89,099)	(11,581)	(69,066)
Decrease in inventories and prepaid items	-	163,998	-	-
Increase (decrease) in accounts payable	(2,901,005)	(133,704)	(151,184)	(1,177,227)
Increase in accrued liabilities	139,854	114,970	(3,267)	14,403
Increase in net OPEB liability	15,383	18,180	4,195	6,293
Total Adjustments	<u>(2,740,865)</u>	<u>1,029,435</u>	<u>264,510</u>	<u>(252,834)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING</b>	<b>\$ (3,344,636)</b>	<b>\$ 216,224</b>	<b>\$ 1,521,186</b>	<b>\$ 31,637</b>
<b>ACTIVITIES</b>				
<b>NONCASH CAPITAL AND RELATED FINANCING</b>				
<b>ACTIVITIES</b>				
Contribution of capital assets from outside sources	<u>\$ 342,883</u>	<u>\$ 366,290</u>	<u>\$ 375,246</u>	<u>\$ 197,900</u>
Contributions of capital assets to Governmental Activities	<u>\$ 147,868</u>	<u>\$ 38,827</u>	<u>\$ 2,587,754</u>	<u>\$ 24,808</u>
Contributions of capital assets from Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,900</u>

See notes to financial statements.

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

Enterprise Funds		Governmental	
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ (22,787)	\$ (3,258,353)	\$ (3,156,975)	\$ (1,610,621)
-	671,629	4,438,420	7,565
-	(3,600)	(1,581,034)	164,426
-	28,245	192,243	41,476
(305)	22,001	(4,341,424)	266,219
-	73,174	339,134	(27,111)
-	18,179	62,230	-
<u>(305)</u>	<u>809,628</u>	<u>(890,431)</u>	<u>452,575</u>
<u>\$ (23,092)</u>	<u>\$ (2,448,725)</u>	<u>\$ (4,047,406)</u>	<u>\$ (1,158,046)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,282,319</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,799,257</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,900</u>	<u>\$ -</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2012**

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**EXHIBIT 8**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and pooled cash investments	\$ 1,473,205
Accounts receivable	55,229
Accrued interest	<u>2,747</u>
Total Assets	<u>\$ 1,531,181</u>
<b>LIABILITIES</b>	
Due to other agency	<u>\$ 1,531,181</u>
Total Liabilities	<u>\$ 1,531,181</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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. Prospective Accounting Pronouncements

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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, 2012, \$837,003 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, 2012**

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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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

The *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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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."

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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, 2012, 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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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 with twenty years or more of service are paid 100% of their accrued sick leave balance over a five year period. All vacation pay and applicable sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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 \$27,562,700 for the governmental activities and \$6,136,883 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, 2012 consists of \$168,141 for debt service and \$33,084 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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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 \$3,987,725 for fiscal year 2012. 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 \$1 million reserve was budgeted in fiscal year 2012 for higher than expected health claims. This additional reserve was also budgeted in fiscal year 2010 and 2011. The \$1 million reserve was used to fund the health insurance and worker's compensation reserves due to claims being higher than anticipated.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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, 2012, 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, 2012:

Internal Service

General Service	\$	20,892
Workers' Compensation Reserve	\$	1,032,728

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. An additional \$100,000 was transferred into Workers' Compensation Reserve in FY' 12 to rebuild reserve balance.

**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 \$12,251 for the City and \$800 for the Dubuque Metropolitan Area Solid Waste Agency.

**Deposits.** At year-end, the City's carrying amount of deposits was \$44,926,587, and the bank balance was \$48,677,955. The City's deposits in banks at June 30, 2012, 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 \$10,105,913, and the bank balance was \$10,377,823. The Agency's deposits in banks at June 30, 2012, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**Investments.** As of June 30, 2012, 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	\$ 2,743,857	\$ 349,750	\$ -	\$ -	\$ 3,093,607
U.S. Treasury Securities	761,911	5,961,891	204,920	2,837,658	9,766,380
Federal Agency Obligations	2,367,883	8,001,848	2,440,581	4,677,850	17,488,162
Corporate Stock	86,689	-	-	-	86,689
	<u>\$ 5,960,339</u>	<u>\$ 14,313,490</u>	<u>\$ 2,645,501</u>	<u>\$ 7,515,508</u>	<u>\$ 30,434,837</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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**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, 2012.

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	\$ 12,251
Carrying amount of deposits	44,926,587
Carrying amount of investments	<u>30,434,837</u>
Total	<u>\$ 75,373,675</u>
Government-wide	
Cash and pooled cash investments	\$ 70,689,054
Cash and pooled cash investments - temporarily restricted	3,142,004
Cash and pooled cash investments - permanently restricted	69,412
Fiduciary	
Cash and pooled cash investments	<u>1,473,205</u>
Total	<u>\$ 75,373,675</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	\$ 800
Carrying amount of deposits	<u>10,105,913</u>
Total	<u>\$ 10,106,713</u>
Cash and pooled cash investments	\$ 5,605,405
Cash and pooled cash investments - temporarily restricted	<u>4,501,308</u>
Total	<u>\$ 10,106,713</u>

A reconciliation of cash and investments as shown on the government-wide statement of net assets for the Dubuque Initiatives and Subsidiaries (December 31, 2011) follows:

Deposits	\$ 1,784,316
Repurchase agreement	1,662,022
Beneficial interest in assets held by others	<u>915,764</u>
Total	<u>\$ 4,362,102</u>
Cash and pooled cash investments	\$ 2,193,333
Cash and pooled cash investments-restricted	1,253,005
Cash and pooled cash investments-temporarily restricted	<u>915,764</u>
Total	<u>\$ 4,362,102</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 4 – NOTES RECEIVABLE**

At December 30, 2011, Dubuque Initiatives and Subsidiaries had the following notes receivable:

Lower Main Development, 4.00%, unsecured, matures August 2018	\$ 100,207
City of Dubuque, 5.00%, unsecured, matures July 2023	331,235
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	5,366,873
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	<u>5,294,384</u>
Total notes receivable	11,092,699
Less: current maturities	<u>(34,697)</u>
Noncurrent portion	<u>\$ 11,058,002</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:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental activities:		
General Fund	\$ 148,835	\$ -
Internal Service	-	6,427
Business-type activities:		
Nonmajor	-	142,408
	<u>\$ 148,835</u>	<u>\$ 148,835</u>
	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
Governmental activities:		
Major Fund, General	\$ 56,465	\$ -
Business-type activities:		
Major Funds:		
Sewage Disposal Works	-	3,058,000
Water Utility	3,058,000	56,465
	<u>\$ 3,114,465</u>	<u>\$ 3,114,465</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

Interfund transfers for the year ended June 30, 2012, consisted of the following:

Transfer to	Transfers From									Total
	General	Employee Benefits	Tax Increment Financing	Street Construction	General Construction	Nonmajor Governmental	Sanitary Sewer Utility	Parking Ramps	Nonmajor Enterprise	
General	\$ -	\$ 3,547,293	\$ 551,566	\$ -	\$ 130,000	\$ 408,529	\$ -	\$ -	\$ 211,173	\$ 4,848,561
Community development	-	-	130,834	-	361,280	-	-	-	-	492,114
Street construction	-	-	-	-	-	116,985	-	-	-	116,985
General construction	652	-	-	-	-	-	-	-	-	652
Nonmajor governmental	823,120	-	832,270	485,878	907,000	157,854	-	108,953	-	3,315,075
Sewage disposal works	28,498	-	362,785	-	148,000	268,008	-	-	-	807,291
Water utility	-	-	630,509	-	-	49,513	216,312	-	-	896,334
Stormwater utility	238,425	-	-	-	-	6,048	-	-	-	244,473
Parking facilities	-	-	584,962	-	-	-	-	-	-	584,962
Americas River project	23,087	-	-	-	-	-	-	-	-	23,087
Nonmajor enterprise	964,682	-	4,360,913	-	-	6,000	-	-	-	5,331,595
Internal service funds	1,000,000	-	-	-	1,211,912	-	-	-	-	2,211,912
	<u>\$ 3,078,464</u>	<u>\$ 3,547,293</u>	<u>\$ 7,453,839</u>	<u>\$ 485,878</u>	<u>\$ 2,758,192</u>	<u>\$ 1,012,937</u>	<u>\$ 216,312</u>	<u>\$ 108,953</u>	<u>\$ 211,173</u>	<u>\$ 18,873,041</u>
Transfer of capital assets to governmental activities										2,799,256
Transfer of capital assets to business-type activities										197,900
Total										<u>\$ 21,870,197</u>

In the fund financial statements, total transfers out of \$21,672,297 are greater than total transfers in of \$18,873,041 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 \$147,867, \$38,827, \$2,587,754, and \$24,808, respectively, were transferred to governmental activities capital assets. Net capital assets of \$197,900 were transferred from governmental activities capital assets to parking. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources. However, the Sewage Disposal Works 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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012, was as follows:

**Primary Government:**

Governmental activities:

	Beginning Balance	Transfers In	Transfers Out	Reclassification	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:							
Land	\$ 65,444,288	\$ -	\$ -	\$ -	\$ 591,548	\$ (1,316,148)	\$ 64,719,688
Construction in progress	18,874,510	-	(197,900)	-	23,368,319	(12,666,335)	29,378,594
Total Capital assets, not being depreciated	<u>84,318,798</u>	<u>-</u>	<u>(197,900)</u>	<u>-</u>	<u>23,959,867</u>	<u>(13,982,483)</u>	<u>94,098,282</u>
Capital assets, being depreciated:							
Buildings	125,774,456	24,808	-	-	438,958	(269,360)	125,968,862
Improvements other than buildings	16,648,148	-	-	-	37,709	-	16,685,857
Machinery and equipment	35,616,512	-	-	-	2,123,094	(598,188)	37,141,418
Infrastructure	197,987,110	2,774,448	-	-	9,806,288	-	210,567,846
Total capital assets, being depreciated	<u>376,026,226</u>	<u>2,799,256</u>	<u>-</u>	<u>-</u>	<u>12,406,049</u>	<u>(867,548)</u>	<u>390,363,983</u>
Less accumulated depreciation for:							
Buildings	(27,769,331)	-	-	-	(2,196,695)	59,617	(29,906,409)
Improvements other than buildings	(6,548,321)	-	-	-	(544,405)	-	(7,092,726)
Machinery and equipment	(14,956,791)	-	-	-	(2,577,406)	581,675	(16,952,522)
Infrastructure	(53,403,022)	-	-	-	(3,455,992)	-	(56,859,014)
Total accumulated depreciation	<u>(102,677,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,774,498)</u>	<u>641,292</u>	<u>(110,810,671)</u>
Total capital assets, being depreciated, net	<u>273,348,761</u>	<u>2,799,256</u>	<u>-</u>	<u>-</u>	<u>3,631,551</u>	<u>(226,256)</u>	<u>279,553,312</u>
Governmental activities capital assets, net	<u>\$ 357,667,559</u>	<u>\$ 2,799,256</u>	<u>\$ (197,900)</u>	<u>\$ -</u>	<u>\$ 27,591,418</u>	<u>\$ (14,208,739)</u>	<u>\$ 373,651,594</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

Business-type activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 17,028,167	\$ 197,900	\$ -		\$ -	\$ 17,226,067
Construction in progress	42,610,599	-	(2,799,297)	38,505,697	(15,177,954)	63,139,045
Total Capital assets, not being depreciated	<u>59,638,766</u>	<u>197,900</u>	<u>(2,799,297)</u>	<u>38,505,697</u>	<u>(15,177,954)</u>	<u>80,365,112</u>
Capital assets, being depreciated:						
Buildings	85,942,961	-	-	8,981,163	-	94,924,124
Improvements other than buildings	70,117,869	-	-	2,501,185	-	72,619,054
Machinery and equipment	64,510,585	-	-	5,638,607	(1,494,254)	68,654,938
Total capital assets, being depreciated	<u>220,571,415</u>	<u>-</u>	<u>-</u>	<u>17,120,955</u>	<u>(1,494,254)</u>	<u>236,198,116</u>
Less accumulated depreciation for:						
Buildings	(41,466,013)	-	-	(1,256,412)	-	(42,722,425)
Improvements other than buildings	(20,510,562)	-	-	(1,263,166)	-	(21,773,728)
Machinery and equipment	(23,773,194)	-	-	(1,918,842)	1,295,241	(24,396,795)
Total accumulated depreciation	<u>(85,749,769)</u>	<u>-</u>	<u>-</u>	<u>(4,438,420)</u>	<u>1,295,241</u>	<u>(88,892,948)</u>
Total capital assets, being depreciated, net	<u>134,821,646</u>	<u>-</u>	<u>-</u>	<u>12,682,535</u>	<u>(199,013)</u>	<u>147,305,168</u>
Business-type activities capital assets, net	<u>\$ 194,460,412</u>	<u>\$ 197,900</u>	<u>\$ (2,799,297)</u>	<u>\$ 51,188,232</u>	<u>\$(15,376,967)</u>	<u>\$ 227,670,280</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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	\$ 673,260
Public works	5,160,383
Health and social services	-
Culture and recreation	1,612,400
Community and economic development	43,640
General government	1,277,250
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	7,565
Total depreciation expense - governmental activities	<u>\$ 8,774,498</u>
Business-type activities:	
Sewage disposal works	\$ 1,412,591
Water utility	955,090
Stormwater utility	426,347
Parking facilities	972,763
Refuse collection	75,372
Salt	2,221
Transit system	594,036
Total depreciation expense - business-type activities	<u>\$ 4,438,420</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**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	\$ -	\$ -	\$ 1,190,125	\$ -	\$ 2,776,217
Construction in progress	-	-	-	299,300	-	299,300
Total capital assets, not being depreciated	<u>1,586,092</u>	<u>-</u>	<u>-</u>	<u>1,489,425</u>	<u>-</u>	<u>3,075,517</u>
Capital assets, being depreciated:						
Buildings	65,922	-	-	-	-	65,922
Improvements other than buildings	6,364,906	-	-	-	-	6,364,906
Machinery and equipment	<u>3,801,218</u>	<u>-</u>	<u>-</u>	<u>108,084</u>	<u>-</u>	<u>3,909,302</u>
Total capital assets, being depreciated	<u>10,232,046</u>	<u>-</u>	<u>-</u>	<u>108,084</u>	<u>-</u>	<u>10,340,130</u>
Less accumulated depreciation for:						
Buildings	(47,944)	-	-	(719)	-	(48,663)
Improvements other than buildings	(5,631,921)	-	-	(215,314)	-	(5,847,235)
Machinery and equipment	<u>(1,698,783)</u>	<u>-</u>	<u>-</u>	<u>(391,137)</u>	<u>-</u>	<u>(2,089,920)</u>
Total accumulated depreciation	<u>(7,378,648)</u>	<u>-</u>	<u>-</u>	<u>(607,170)</u>	<u>-</u>	<u>(7,985,818)</u>
Total capital assets, being depreciated, net	<u>2,853,398</u>	<u>-</u>	<u>-</u>	<u>(499,086)</u>	<u>-</u>	<u>2,354,312</u>
Dubuque Metropolitan Area Solid Waste capital asset	<u>\$ 4,439,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 990,339</u>	<u>\$ -</u>	<u>\$ 5,429,829</u>

Depreciation expense of \$607,170 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**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 \$57,775,000. During Fiscal Year 2012, the City issued \$1,935,000 to current refund one outstanding issuance. The refunding was undertaken to expand debt service payment over life of project. During Fiscal Year 2012, the City issued \$32,000,000 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, 2012, 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	06/01/03-06/01/17	3.65-4.30 %	3,105,000	950,000
Corporate purpose Series 2003	10/15/03	06/01/04-06/01/23	3.40-4.75	2,110,000	1,325,000
Corporate purpose Series 2005	04/18/05	06/01/06-06/01/24	3.40-5.00	9,015,000	6,020,000
Corporate purpose Series 2006A	04/03/06	06/01/07-06/01/25	3.80-4.20	2,900,000	2,235,000
Corporate purpose Series 2006B	04/03/06	06/01/07-06/01/21	3.70-4.20	910,000	615,000
Refunding Series 2006C	04/03/06	06/01/10-06/01/20	3.70-4.10	3,525,000	3,015,000
Corporate purpose					
and refunding Series 2007B	12/01/07	06/01/10-06/01/17	3.75	2,965,000	1,960,000
Corporate purpose Series 2007A	12/01/07	06/01/09-06/01/17	3.45-3.65	1,055,000	625,000
Corporate purpose Series 2008A	11/04/08	06/01/09-06/01/28	3.75-4.80	3,885,000	3,350,000
Corporate purpose Series 2008B	11/04/08	06/01/09-06/01/23	3.75-4.25	3,290,000	2,610,000
Corporate purpose					
(taxable) Series 2008C	11/04/08	06/01/09-06/01/18	5.25-5.50	2,465,000	2,025,000
Corporate purpose					
(taxable) Series 2009A	11/10/09	06/01/11-06/01/29	1.90-5.60	2,935,000	2,690,000
Corporate purpose					
(taxable) Series 2009B	11/10/09	06/01/11-06/01/29	1.50-5.50	11,175,000	10,270,000
Refunding Series 2009C	11/10/09	06/01/10-06/01/21	2.00-4.00	8,885,000	6,870,000
Corporate purpose					
and refunding Series 2010A	08/30/10	06/01/11-06/01/30	2.00-3.00	4,470,000	4,210,000
Corporate purpose Series 2010B	08/30/10	06/01/12-06/01/30	1.00-4.15	2,675,000	2,585,000
Corporate purpose Series 2010C	08/30/10	06/01/12-06/01/30	2.00-3.00	2,825,000	2,710,000
Corporate purpose Series 2011A	09/01/11	06/01/12-06/01/31	2.00-4.00	6,330,000	6,330,000
Corporate purpose					
(taxable) Series 2011B	09/01/11	06/01/13-06/01/26	2.25-4.35	1,590,000	1,590,000
Corporate purpose Series 2012A	03/15/12	06/01/14-06/01/31	2.00-3.00	4,380,000	4,380,000
Corporate purpose					
and refund Series 2012B	03/15/12	06/01/13-06/01/31	2.00-3.13	7,495,000	7,495,000
Corporate purpose	06/28/12	06/01/14-06/01/32	2.00-3.90	6,965,000	6,965,000
(taxable) Series 2012C					
Corporate purpose Series 2012D	06/28/12	06/01/14-06/01/32	2.00-3.46	7,175,000	7,175,000
				<u>\$ 102,125,000</u>	<u>\$ 88,000,000</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

Fiscal Year <u>June 30</u>	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 2,534,046	\$ 1,854,094	\$ 1,700,504	\$ 1,356,327
2014	3,719,859	1,747,770	2,050,141	1,299,351
2015	3,861,367	1,629,218	2,108,633	1,234,157
2016	3,978,689	1,503,173	2,171,311	1,165,634
2017	4,124,502	1,363,231	2,255,498	1,088,433
2018-2022	17,708,822	4,680,064	9,926,289	4,265,325
2023-2027	9,744,358	2,363,679	9,390,642	2,300,138
2028-2032	7,079,829	679,524	5,645,510	489,454
Total	<u>\$ 52,751,472</u>	<u>\$ 15,820,753</u>	<u>\$ 35,248,528</u>	<u>\$ 13,198,819</u>

**Tax Increment Financing Bonds.** The City issues tax increment financing bonds to provide funds for urban renewal projects. The City pledges property tax revenues from the tax increment financing districts to pay debt service. These bonds are generally issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Tax increment financing bonds outstanding at June 30, 2012, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year	Current Portion
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1 %	\$ 3,168,538	\$ -	\$ -
Vessel Systems	12/31/03	12/30/05-06/30/15	8.0	140,000	53,953	16,617
Diamond Jo Parking Ramp	10/16/07	06/01/11-06/01/37	7.5	23,025,000	22,435,000	330,000
				<u>\$ 26,333,538</u>	<u>\$ 22,488,953</u>	<u>\$ 346,617</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**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
2013	\$ 346,617	\$ 1,686,616
2014	372,973	1,660,510
2015	399,363	1,632,417
2016	410,000	1,602,750
2017	440,000	1,572,000
2018-2022	2,770,000	7,313,000
2023-2027	3,950,000	6,110,625
2028-2032	5,675,000	4,409,375
2033-2037	8,125,000	1,918,500
Total	<u>\$ 22,488,953</u>	<u>\$ 27,905,793</u>

**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, 2012, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Water Utility Series 2008D	11/04/08	06/01/10-06/01/23	3.00-5.00 %	\$ 1,195,000	\$ 985,000
Water Utility Series 2010D	09/21/10	06/01/12-06/01/30	2.00-4.00	5,700,000	5,515,000
				<u>\$ 6,895,000</u>	<u>\$ 6,500,000</u>

The Water Utility revenue debt covenants include a requirement for the utility to produce net revenues of at least 125% of the current year debt service requirement of the revenue bonds and all other revenue debt. During the year ended June 30, 2012, the City did not meet the revenue bond covenants for Water Revenue Bonds by \$423,890. Water Utility experienced higher than normal maintenance expenses due to flood damage and a change in accrued employee compensation. Rates for Fiscal Year 2013 were increased by 15%. An additional rate increase is planned for Fiscal Year 2014. Water consumption for the first 5 months of Fiscal Year 2013 is up approximately 5% over the same period in Fiscal Year 2012.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year June 30	Business-type Activities	
	Principal	Interest
2013	\$ 260,000	\$ 231,458
2014	270,000	224,945
2015	275,000	218,045
2016	285,000	210,825
2017	295,000	202,260
2018-2022	1,645,000	855,518
2023-2027	2,025,000	528,625
2028-2030	1,445,000	117,400
<b>Total</b>	<b>\$ 6,500,000</b>	<b>\$ 2,589,076</b>

**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, 2012, 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	\$ 136,364	\$ 45,455
Lower Main Development	06/30/04	12/31/06-06/30/16	8.00	182,000	89,699	19,912
Theisen Supply	11/22/06	12/31/08-06/30/18	8.25	810,323	564,430	74,935
40 Main LLC	08/06/09	06/01/11-06/01/37	6.50	690,529	640,171	54,449
44 Main LLC	10/26/10	12/31/12-06/30/27	6.00	337,000	337,000	13,951
				<u>\$ 2,519,852</u>	<u>\$ 1,767,664</u>	<u>\$ 208,702</u>

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
2013	\$ 208,702	\$ 116,805
2014	221,043	102,965
2015	234,541	88,533
2016	203,250	73,213
2017	191,827	58,166
2018-2022	560,806	122,601
2023-2027	147,496	25,773
<b>Total</b>	<b>\$ 1,767,664</b>	<b>\$ 588,055</b>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

The Sewage Disposal Works' revenue capital loan notes include a requirement for the utility to produce net revenues of at least 110% of the current year debt service requirement. During the year ended June 30, 2012, the City was \$404,774 under this requirement. Sewer utility experienced higher than normal maintenance expenses due to flood damage and a change in accrued employee compensation. Rates for Fiscal Year 2013 were increased by 15%. An additional rate increase is planned for Fiscal Year 2014. Water consumption for the first 5 months of Fiscal Year 2013 is up about 5% over the same period in 2012, this has a direct correlation with revenue increase in sewer.

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	\$ 617,821	\$ 32,517
Clean Water	01/14/09	06/01/28	3.25	1,847,000	1,555,000	75,000
Drinking Water	10/18/07	06/01/28	3.25	1,037,000	771,000	37,000
North Catfish Creek Stormwater	01/13/09	06/01/30	3.25	998,000	741,000	39,000
North Catfish Creek Sewer	01/13/09	06/01/30	3.25	1,141,000	621,371	32,704
Water Meter Replacement	02/12/10	06/01/30	3.25	8,676,000	6,116,000	238,000
Upper Bee Branch Sewer	10/27/10	06/01/41	3.25	7,850,000	5,992,929	315,417
Water Pollution Control Plant	08/18/10	06/01/39	3.25	64,885,000	45,542,627	1,686,764
				<u>\$ 88,091,821</u>	<u>\$ 61,957,748</u>	<u>\$ 2,456,402</u>

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

Fiscal Year	Business-type Activities	
	Principal	Interest
June 30		
2013	\$ 2,456,402	\$ 1,935,683
2014	2,468,402	1,878,018
2015	2,480,402	1,799,947
2016	2,492,402	1,721,493
2017	2,505,402	1,642,646
2018-2022	12,729,010	7,015,640
2023-2027	13,109,010	4,980,243
2028-2032	11,909,365	2,910,339
2033-2037	8,433,826	1,317,783
2038-2039	3,373,528	158,133
Total	<u>\$ 61,957,749</u>	<u>\$ 25,359,925</u>

At June 30, 2012, the City of Dubuque had \$21,267,073 of capital loan note funds available. These funds are available to the City by filing a disbursement request with the State of Iowa. The City expects to use the remaining available funds by fiscal year 2014.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

Purpose	Date of		Interest Rates	Amount	Amount	Current Portion
	Issue	Maturity Dates		Originally Issued	Outstanding End of Year	
Parking Lot Purchase	07/08/08	01/01/09-07/01/23	5.0%	\$ 400,000	\$ 331,235	\$ 21,931
Building Purchase Agreement	02/01/10	02/01/10-02/01/16	0.0%	330,000	235,714	47,143
Iowa Finance Authority	08/26/11	06/01/20-06/01/30	3.0%	4,500,000	4,500,000	-
				<u>\$ 5,230,000</u>	<u>\$ 5,066,949</u>	<u>\$ 69,074</u>

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

Fiscal Year June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 47,143	\$ 135,000	\$ 21,931	\$ 16,291
2014	47,143	135,000	23,041	15,181
2015	47,143	135,000	24,208	14,014
2016	47,143	135,000	25,433	12,790
2017	47,143	135,000	26,721	11,501
2018-2022	427,236	662,374	155,319	35,792
2023-2027	956,079	549,141	54,582	2,752
2028-2030	3,116,684	256,804	-	-
Total	<u>\$ 4,735,714</u>	<u>\$ 2,143,319</u>	<u>\$ 331,235</u>	<u>\$ 108,321</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**Changes in Long-term Liabilities.** Long-term liability activity for the year ended June 30, 2012, was as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 32,271,022	\$ 22,695,710	\$ (2,215,260)	\$ 52,751,472	\$ 2,534,046
Unaccreted premium	499,185	123,990	(26,049)	597,126	-
Unamortized discounts	(160,463)	(71,689)	14,651	(217,501)	-
Deferred amount on refunding	(48,696)	-	5,410	(43,286)	-
Total general obligation bonds	<u>32,561,048</u>	<u>22,748,011</u>	<u>(2,221,248)</u>	<u>53,087,811</u>	<u>2,534,046</u>
Tax increment financing bonds	23,267,892	-	(778,939)	22,488,953	346,617
Unamortized discounts	(230,670)	-	-	(230,670)	-
Total tax increment financing bonds	<u>23,037,222</u>	<u>-</u>	<u>(778,939)</u>	<u>22,258,283</u>	<u>346,617</u>
Notes payable	1,931,349	19,653	(183,338)	1,767,664	208,702
Loans payable	282,857	4,500,000	(47,143)	4,735,714	47,143
Compensated absences	2,746,993	5,366,044	(2,746,993)	5,366,044	194,134
Net OPEB liability	1,918,935	312,883	-	2,231,818	-
<b>Total governmental activities</b>	<u>\$ 62,478,404</u>	<u>\$ 32,946,591</u>	<u>\$ (5,977,661)</u>	<u>\$ 89,447,334</u>	<u>\$ 3,330,642</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 25,503,978	\$ 11,239,290	\$ (1,494,740)	\$ 35,248,528	\$ 1,700,504
Unaccreted premium	-	110,960	-	110,960	-
Unamortized discounts	(169,113)	(19,027)	8,012	(180,128)	-
Deferred amount on refunding	(80,213)	-	8,856	(71,357)	-
Total general obligation bonds	<u>25,254,652</u>	<u>11,331,223</u>	<u>(1,477,872)</u>	<u>35,108,003</u>	<u>1,700,504</u>
Revenue bonds	6,755,000	-	(255,000)	6,500,000	260,000
Unaccreted premium	32,114	-	(1,605)	30,509	-
Unamortized discounts	(9,321)	-	-	(9,321)	-
Total revenue bonds	<u>6,777,793</u>	<u>-</u>	<u>(256,605)</u>	<u>6,521,188</u>	<u>260,000</u>
Capital loan notes	33,165,409	29,401,340	(609,000)	61,957,749	2,456,402
Loans payable	2,252,109	-	(1,920,874)	331,235	21,931
Compensated absences	386,250	939,840	(386,250)	939,840	28,781
Net OPEB liability	416,362	62,230	-	478,592	-
<b>Total business-type activities</b>	<u>\$ 68,252,575</u>	<u>\$ 41,734,633</u>	<u>\$ (4,650,601)</u>	<u>\$ 105,336,607</u>	<u>\$ 4,467,618</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

**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.*	5,518,841
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
	<u>30,513,225</u>
Less: Current maturities	(609,190)
Noncurrent liability	<u>\$ 29,904,035</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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:

2012	\$ 609,190
2013	647,242
2014	686,692
2015	728,547
2016	772,491
Thereafter	<u>27,069,063</u>
	<u>\$ 30,513,225</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. On July 1, 2011, the Iowa Department of Economic Development determined the project met the reimbursement requirements, therefore the loan was forgiven. The balance of the forgivable loan was recorded as grant income at December 31, 2011.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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 \$100,000, and an aggregate stop-loss of \$8,488,183 for 2012. 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 2012. 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 participates in both programs and makes payments to the Health Insurance Reserve Fund and the Workers' Compensation Reserve Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. The claims liability of \$386,900 in the Health Insurance Reserve Fund and \$1,137,168 in the Workers' Compensation Reserve Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in reported liabilities, all of which are expected to be paid within one year of year end, for the fiscal years ended June 30, 2012 and 2011, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
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	<u>(6,674,473)</u>	<u>(963,413)</u>
Liabilities at June 30, 2011	262,969	987,017
Claims and changes in estimates during fiscal year 2011	7,747,206	1,092,653
Claim payments	<u>(7,623,275)</u>	<u>(942,502)</u>
Liabilities at June 30, 2012	<u>\$ 386,900</u>	<u>\$ 1,137,168</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

The City is a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 668 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. The City acquires automobile physical damage coverage through the Pool. All other property, inland marine, and boiler/machinery insurance is acquired through commercial insurance. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2012, were \$475,996.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Excess coverage is provided for claims exceeding \$350,000 under various reinsurance agreements. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's Iowa Risk Management Agreement with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

**NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2012.

**Litigation**

The City's corporate counsel reported that as of June 30, 2012, 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 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 \$500,000 from the City. The City is seeking to recover \$2 million. Liability for the costs of the spill is set to go to arbitration in early 2013.

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 arbitration resumed December 2012.

**Construction Contracts**

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2012. The City has additional commitments for signed construction contracts of \$23,313,369 as of June 30, 2012. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**Debt Guarantee**

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

**Dubuque Initiatives & Subsidiaries**

Roshek Building, Inc. anticipates receipt of State of Iowa Certified Historic Rehabilitation Tax Credits in excess of \$10,000,000 and Federal Certified Historic Rehabilitation Tax Credits in the 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 were subject to successful approval of the project by the State of Iowa and National Park Service, such approval has been received. During 2011, \$10,000,000 of the State credits was received. The Organization has approximately \$660,000 yet to receive of State credits.

**Commitments**

On June 20, 2012 the Dubuque Metropolitan Area Solid Waste Agency signed a contract to begin new cell construction and other improvements in FY' 13 for \$3,000,000.

**NOTE 10 – EXTRAORDINARY ITEM**

As discussed in Note 9 above, the City incurred costs in the sewer fund for a mercury spill \$243,722 in the Sewer Fund in current fiscal year and \$2,253,036 in prior year. 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 include the employees of the Dubuque Metropolitan Area Solid Waste Agency (a component unit). The Plan does not issue a stand-alone financial report. The benefits are provided in the form of:

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**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 522 active and 36 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, 2012, 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	118,808
Adjustment to annual required contribution	<u>(105,247)</u>
Annual OPEB cost	584,004
Contributions made, net of retiree contributions	<u>(201,200)</u>
Increase in net OPEB obligation	382,804
Net OPEB obligation, beginning of year	<u>2,376,162</u>
Net OPEB obligation, end of year	<u><u>\$ 2,758,966</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the City paid \$549,234 for retiree claims. Plan members eligible for benefits contributed \$348,034 or 100% of the premium costs. The net resulted in City contributions of \$201,200.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**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, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 584,004	34.45%	\$ 2,758,966
June 30, 2011	581,536	25.60%	2,376,162
June 30, 2010	945,000	-8.30%	1,943,740

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, 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 \$31,183,497 and the ratio of the UAAL to covered payroll was 17.6%. As of June 30, 2012, 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. The underlying inflation rate is 3%.

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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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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 24.76% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2012, 2011, and 2010, were \$3,177,159, \$2,404,474 and \$1,966,345, 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 5.38% of their annual covered salary, and the City is required to contribute 8.07% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010, were \$1,964,764, \$1,614,811 and \$1,456,384, respectively, equal to the required contributions for each year.

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

State and federal laws and regulations require the 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 post closure 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 post closure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date. The \$4,106,246 reported as landfill closure and post closure care liability at June 30, 2012, 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 98% of the estimated capacity of cells 5, 6, 7, and 8. The Agency will recognize the remaining estimated cost of closure and post closure care of \$49,654 as the remaining capacity is filled.

These amounts are based on what it would cost to perform all closure and post closure care in 2012. The Agency expects to close cells 5, 6, 7, and 8 in 2014. The Agency is making plans to construct a second generation of cells to extend the life of the landfill to 2050. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

The Agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2012, funds have been restricted for closure and post closure costs in the amount of \$4,155,900.

**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, 2012 is \$7,011,465, with \$142,423 of depreciation expense during the year ended June 30, 2012. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2012, the DRA lease generated \$6,043,346 in lease revenue.

**NOTE 15 – SUBSEQUENT EVENTS**

On October 15, 2012, the City approved an agreement to terminate a lease with Bowling & Beyond Dubuque, Inc. for property located at 1860 Hawthorne Street for the sum of \$1,000,000, without interest, payable \$50,000 on December 5, 2012 and \$50,000 each year on December 5 for nineteen consecutive years, final payment in 2031.

On October 15, 2012, the City authorized \$950,000 General Obligation Refunding Bonds, Series 2012G. The bonds were used to refinance General Obligation Bonds, Series 2002C and will save the City \$77,000 in interest over the next four years. The interest rate on the bonds range from 1% to 1.25%, with a maturity date of June 1, 2017.

On November 5, 2012, the City authorized \$7,285,000 Taxable General Obligation Refunding Bonds, Series 2012I. The bonds were used to purchase U.S. Treasury Obligations ("Investments") and placed in an escrow account to defease 2005C, 2006B, 2006C, and 2007B Bonds. The interest rate on the bonds range from .3%-2.2%, with a maturity date is June 1, 2021.

On November 5, 2012, the City authorized \$3,640,000 of General Obligation Bonds, Series 2012E. The Bonds will provide funds to pay costs of Southwest Arterial Project; installation of 1,200 feet of storm sewer in conjunction with the reconstruction of 7<sup>th</sup> Street from Iowa Street to Shot Tower Drive; repair of the 30 inch diameter sanitary sewer force main from the Cedar Street lift station to the Terminal Street lift station; Comiskey Park improvements including park amenity replacements and additions, new entry and gathering space, and replacement of the exterior doors; replacement of the playground equipment structure for ages two through five year-olds in Flora Park; Water System Improvements; replacement of Public Safety software; Granger Creek Trail at Technology Park South; development of Creek Wood Park in the Timber-Hyrst subdivision off Manson Road; development of the remainder of Westbrook Park in the Westbrook Subdivision on Seippel Road next to Dubuque Industrial Center West; maintenance on Parks buildings; Library interior and exterior repairs; and replacement play equipment for Marshall School on Rhomberg Avenue, which will continue the City's partnership with the Dubuque Community School District to provide playground equipment at schools that do not have parks close to them. The interest rate on the bonds range from 2% to 3%, with a maturity date of June 1, 2032.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

On November 5, 2012 the City authorized \$1,035,000 of Taxable General Obligation Bonds, Series 2012F. The Bonds will provide funds to pay costs associated with grants in the Greater Dubuque Urban Renewal District for planning/design costs and façade improvements associated with projects that do not apply for the Downtown Rehabilitation Loan Program; grants in the Greater Downtown Urban Renewal District for hiring a financial consultant based on the anticipated increase in projects to analyze the feasibility of projects that apply for the Downtown Rehabilitation Loan Program; loans/grants to new small businesses that may need additional assistance to start up their business in the Downtown Washington Neighborhood; improvements to the Mystique Community Ice Center including air conditioning, electrical improvements, ice decking, power factor correction device and generator; grants for rehabilitation and adaptive reuse of buildings in the Greater Downtown Urban Renewal District; funds to assist property owners in the Downtown Renewal Area in making structural changes that make their properties more accessible; and funds for an annual streetscape improvement program for historic districts located in targeted neighborhoods. The interest rate on the bonds range from 1% to 2.20%, with a maturity date of June 1, 2022.

On November 5, 2012 the City authorized \$2,385,000 of General Obligation Urban Renewal Bonds, Series 2012H. The Bonds will provide funds to pay costs associated with a consultant to determine where the City should acquire properties for industrial growth; costs associated with the rail platform improvements for the Intermodal Center; renovation of second floor of the Multicultural Family Center as well as reconfiguration of the main entrance to the building, meeting rooms on first floor, installation of an elevator and a fire sprinkler system, a restroom that is Americans with Disabilities Act (ADA) compliant at 5th and Bluff; and constructing sidewalks at the McAleece Park and Recreation Complex. The interest rate on the bonds range from 2% to 3%, with a maturity date of June 1, 2032

The Airport is currently undertaking the completion of an approximately \$40 million Airline Terminal Facility. This project involves the construction of site work, new terminal building, entrance road, parking lot, access road, utilities, and terminal apron. Contracts for the construction of the terminal building and terminal apron were signed in September, 2012. The entire project is scheduled to be completed in 2015-16. The majority of funding for this project is provided by federal grants from the FAA with additional funding from State of Iowa grants, Customer Facility Charges, Passenger Facility Charges and local funds.

**NOTE 16 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS**

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

Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, issued November 2010, will be effective for the fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements.

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 fiscal year ending June 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity.

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements; issued December 2010, will be effective for the

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 16 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS (continued)**

fiscal year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance.

Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, issued June 2011, will be effective for the fiscal year ending June 30, 2013. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

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.

Statement No. 65, Items Previously Reported as Assets and Liabilities, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25, issued June 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

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, 2012**  
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, 2012**

	Actual	Budgeted Amounts		Final to Actual
		Original	Final	Variance
<b>RECEIPTS</b>				
Property tax	\$ 20,621,563	\$ 20,559,847	\$ 20,559,847	\$ 61,716
Tax increment financing	9,590,342	10,151,097	10,151,097	(560,755)
Other City tax	13,435,863	14,904,342	14,904,342	(1,468,479)
Licenses and permits	2,260,944	1,254,672	1,254,672	1,006,272
Use of money and property	12,449,303	12,639,846	12,834,532	(385,229)
Intergovernmental	48,142,384	33,190,214	86,786,356	(38,643,972)
Charges for fees and service	24,672,064	32,758,317	32,838,902	(8,166,838)
Special assessments	413,400	244,100	1,878,335	(1,464,935)
Miscellaneous	10,060,015	6,556,190	8,147,541	1,912,474
Total Receipts	<u>141,645,878</u>	<u>132,258,625</u>	<u>189,355,624</u>	<u>(47,709,746)</u>
<b>EXPENDITURES</b>				
Public safety	24,557,646	24,073,368	24,851,798	294,152
Public works	11,544,396	11,669,809	12,077,963	533,567
Health and social services	865,604	914,521	1,014,042	148,438
Culture and recreation	10,093,940	9,891,483	10,394,551	300,611
Community and economic development	12,786,052	13,006,091	12,904,361	118,309
General government	6,834,175	6,912,736	7,165,386	331,211
Debt service	6,080,944	7,019,294	6,934,294	853,350
Capital projects	42,463,206	32,035,166	100,173,594	57,710,388
Business-type activities	73,925,208	76,139,146	120,130,864	46,205,656
Total Expenditures	<u>189,151,171</u>	<u>181,661,614</u>	<u>295,646,853</u>	<u>106,495,682</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS</b>				
OVER (UNDER) EXPENDITURES	(47,505,293)	(49,402,989)	(106,291,229)	58,785,936
<b>OTHER FINANCING SOURCES, NET</b>				
	<u>69,884,233</u>	<u>45,830,037</u>	<u>80,699,672</u>	<u>(10,815,439)</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS AND</b>				
<b>    OTHER FINANCING SOURCES OVER</b>				
<b>    (UNDER) EXPENDITURES AND</b>				
<b>    OTHER FINANCING USES</b>				
	22,378,940	(3,572,952)	(25,591,557)	47,970,497
<b>BALANCE, BEGINNING OF YEAR</b>				
	<u>47,832,164</u>	<u>48,278,154</u>	<u>20,595,247</u>	<u>-</u>
<b>BALANCE, ENDING OF YEAR</b>				
	<u>\$ 70,211,104</u>	<u>\$ 44,705,202</u>	<u>\$ (4,996,310)</u>	<u>\$ 47,970,497</u>

See Note to Required Supplementary Information.

**CITY OF DUBUQUE, IOWA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012 was amended two times during the year to allow the City to increase function expenditures by \$113,985,239, primarily for the carry-forward of unfinished capital improvement projects and expenditure of additional grants for capital improvements.

During the year ended June 30, 2012, disbursements in the debt services function exceeded the amount budgeted, due to 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 Funds Modified Accrual Basis	Enterprise Funds Accrual Basis	Total
Receipts/Revenue	\$ 141,645,878	\$ (5,179,100)	\$ 136,466,778	\$ 106,201,154	\$ 30,265,624	\$ 136,466,778
Expenditures/Expenses	189,151,171	(51,588,747)	137,562,424	107,043,216	30,519,208	137,562,424
Deficiency of Receipts/Revenue						
Under Expenditures/Expenses	(47,505,293)	46,409,647	(1,095,646)	(842,062)	(253,584)	(1,095,646)
Other Financing Sources	69,884,233	(44,234,838)	25,649,395	20,058,750	5,590,645	25,649,395
Net	22,378,940	2,174,809	24,553,749	19,216,688	5,337,061	24,553,749
Balance, Beginning	47,832,164	139,761,318	187,593,482	49,069,411	138,524,071	187,593,482
Balance, Ending	\$ 70,211,104	\$ 141,936,127	\$ 212,147,231	\$ 68,286,099	\$ 143,861,132	\$ 212,147,231

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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)
2010	7/1/2008	\$ -	\$ 9,117,000	\$ 9,117,000	0.0%	\$ 31,430,000	29.01%
2011	7/1/2010	-	5,481,802	5,481,802	0.0%	29,790,517	18.40%
2012	7/1/2010	-	5,481,802	5,481,802	0.0%	31,183,497	17.60%

# 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.

**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, 2012**

	Road Use Tax	Section VIII Housing	Tort Liability
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 982,388	\$ 526,999	\$ -
Receivables			
Property tax			
Delinquent	-	-	4,038
Succeeding year	-	-	294,491
Accounts and other	-	17,774	-
Special assessments	-	-	-
Accrued interest	-	1,444	-
Notes	-	282	-
Intergovernmental	484,568	-	-
Inventory	951,910	-	-
Prepaid items	-	-	-
Restricted cash and pooled cash investments	-	25,217	-
Total Assets	<u>\$ 2,418,866</u>	<u>\$ 571,716</u>	<u>\$ 298,529</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	50,070	30,135	-
Accrued payroll	29,677	3,343	-
Intergovernmental payable	-	4,293	-
Deferred revenue			
Succeeding year property tax	-	-	294,491
Other	81,346	-	541
Total Liabilities	<u>161,093</u>	<u>37,771</u>	<u>295,032</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Endowment corpus	-	-	-
Inventory	951,910	-	-
Long-term notes receivable	-	252	-
Prepaid items	-	-	-
Restricted:			
Endowments	-	-	-
Library	-	-	-
Debt service	-	-	-
Capital improvements	1,305,863	-	-
Franchise agreement	-	-	-
Special assessments	-	-	-
Claims	-	-	3,497
Iowa Finance Authority trust	-	-	-
Community programs	-	963,037	-
Committed, capital improvements	-	-	-
Unassigned	-	(429,344)	-
Total Fund Balances	<u>2,257,773</u>	<u>533,945</u>	<u>3,497</u>
Total Liabilities and Fund Balances	<u>\$ 2,418,866</u>	<u>\$ 571,716</u>	<u>\$ 298,529</u>

**EXHIBIT A-1**

<u>Special Revenue Funds</u>				
<u>Special Assessments</u>	<u>Cable TV</u>	<u>Library Expendable Gifts Trust</u>	<u>IFA Housing Trust</u>	<u>Debt Service</u>
\$ 1,389	\$ 98,562	\$ 1,237,573	\$ 250,892	\$ 163,223
-	-	-	-	1,259
-	-	-	-	65,732
-	152,084	-	-	-
790,879	-	-	-	-
316	342	2,850	-	3,815
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 792,584</u>	<u>\$ 250,988</u>	<u>\$ 1,240,423</u>	<u>\$ 250,892</u>	<u>\$ 234,029</u>
-	3,505	11,729	-	-
-	1,088	-	-	-
-	-	-	-	-
-	-	-	-	65,732
547,366	-	-	-	156
<u>547,366</u>	<u>4,593</u>	<u>11,729</u>	<u>-</u>	<u>65,888</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,228,694	-	-
-	-	-	-	168,141
-	-	-	-	-
-	246,395	-	-	-
245,218	-	-	-	-
-	-	-	-	-
-	-	-	250,892	-
-	-	-	-	-
-	-	-	-	-
<u>245,218</u>	<u>246,395</u>	<u>1,228,694</u>	<u>250,892</u>	<u>168,141</u>
<u>\$ 792,584</u>	<u>\$ 250,988</u>	<u>\$ 1,240,423</u>	<u>\$ 250,892</u>	<u>\$ 234,029</u>

(Continued)

**CITY OF DUBUQUE, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>Capital Projects Funds</u>	
	<u>Airport Construction</u>	<u>Sales Tax Construction</u>
<b>ASSETS</b>		
Cash and pooled cash investments	\$ 3,277,813	\$ 2,652,240
Receivables		
Property tax		
Delinquent	-	-
Succeeding year	-	-
Accounts and other	-	-
Special assessments	-	-
Accrued interest	1,125	2,490
Notes	-	657,518
Intergovernmental	1,189,675	1,346,043
Inventory	-	-
Prepaid items	-	11,416
Restricted cash and pooled cash investments	-	-
Total Assets	<u>\$ 4,468,613</u>	<u>\$ 4,669,707</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 1,242,840	\$ 734,222
Accrued payroll	-	-
Intergovernmental payable	-	-
Deferred revenue		
Succeeding year property tax	-	-
Other	244,268	1,092,591
Total Liabilities	<u>1,487,108</u>	<u>1,826,813</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Endowment corpus	-	-
Inventory	-	-
Long-term notes receivable	-	-
Prepaid items	-	11,416
Restricted:		
Endowments	-	-
Library	-	-
Debt service	-	-
Capital improvements	2,981,505	-
Franchise agreement	-	-
Special assessments	-	-
Claims	-	-
Iowa Finance Authority trust	-	-
Community programs	-	-
Committed, capital improvements	-	2,831,478
Unassigned	-	-
Total Fund Balances	<u>2,981,505</u>	<u>2,842,894</u>
Total Liabilities and Fund Balances	<u>\$ 4,468,613</u>	<u>\$ 4,669,707</u>

**EXHIBIT A-1**  
**(Continued)**

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ -	\$ -	\$ 9,191,079
-	-	5,297
-	-	360,223
-	-	169,858
-	-	790,879
194	28	12,604
-	-	657,800
-	-	3,020,286
-	-	951,910
-	-	11,416
<u>123,587</u>	<u>12,235</u>	<u>161,039</u>
<u>\$ 123,781</u>	<u>\$ 12,263</u>	<u>\$ 15,332,391</u>
\$ -	\$ -	\$ 2,072,501
-	-	34,108
-	-	4,293
-	-	360,223
-	-	1,966,268
<u>-</u>	<u>-</u>	<u>4,437,393</u>
57,412	12,000	69,412
-	-	951,910
-	-	252
-	-	11,416
66,369	263	66,632
-	-	1,228,694
-	-	168,141
-	-	4,287,368
-	-	246,395
-	-	245,218
-	-	3,497
-	-	250,892
-	-	963,037
-	-	2,831,478
-	-	(429,344)
<u>123,781</u>	<u>12,263</u>	<u>10,894,998</u>
<u>\$ 123,781</u>	<u>\$ 12,263</u>	<u>\$ 15,332,391</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Road Use Tax	Section VIII Housing	Tort Liability
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 391,776
Special assessments	-	-	-
Intergovernmental	5,438,531	3,685,577	-
Charges for services	-	-	-
Investment earnings	462	10,007	-
Contributions	-	-	-
Miscellaneous	56,338	26,267	-
Total Revenues	<u>5,495,331</u>	<u>3,721,851</u>	<u>391,776</u>
<b>EXPENDITURES</b>			
Governmental activities			
Current			
Public works	4,406,853	-	-
Culture and recreation	-	-	-
Community and economic development	-	4,458,363	-
General government	15,286	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital projects	-	-	-
Total Expenditures	<u>4,422,139</u>	<u>4,458,363</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,073,192</u>	<u>(736,512)</u>	<u>391,776</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Premium on bonds	-	-	-
Issuance of refunding bonds	-	-	-
Refunded bonds redeemed	-	-	-
Transfers in	440,767	139,115	-
Transfers out	(81,091)	-	(396,399)
Total Other Financing Sources (Uses)	<u>359,676</u>	<u>139,115</u>	<u>(396,399)</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,432,868	(597,397)	(4,623)
<b>FUND BALANCES, BEGINNING</b>	<u>824,905</u>	<u>1,131,342</u>	<u>8,120</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 2,257,773</u>	<u>\$ 533,945</u>	<u>\$ 3,497</u>

EXHIBIT A-2

Special Revenue				
Special Assessments	Cable TV	Library Expendable Gifts Trust	IFA Housing Trust	Debt Service
\$ -	\$ -	\$ -	\$ -	\$ 137,089
596,138	-	-	-	-
-	-	-	-	27,195
-	-	2,269	-	-
33,482	2,789	15,019	-	15,835
-	-	1,018,198	-	-
9,968	607,354	64,434	-	-
<u>639,588</u>	<u>610,143</u>	<u>1,099,920</u>	<u>-</u>	<u>180,119</u>
-	-	-	-	-
-	-	76,739	-	-
-	-	-	160,088	-
-	684,104	-	-	-
-	-	-	-	1,130,260
-	-	-	-	558,712
-	-	-	-	-
<u>-</u>	<u>684,104</u>	<u>76,739</u>	<u>160,088</u>	<u>1,688,972</u>
<u>639,588</u>	<u>(73,961)</u>	<u>1,023,181</u>	<u>(160,088)</u>	<u>(1,508,853)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,561,386
<u>(424,290)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(424,290)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,561,386</u>
215,298	(73,961)	1,023,181	(160,088)	52,533
<u>29,920</u>	<u>320,356</u>	<u>205,513</u>	<u>410,980</u>	<u>115,608</u>
<u>\$ 245,218</u>	<u>\$ 246,395</u>	<u>\$ 1,228,694</u>	<u>\$ 250,892</u>	<u>\$ 168,141</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, 2012**

	<u>Capital Projects</u>	
	<u>Airport Construction</u>	<u>Sales Tax Construction</u>
REVENUES		
Taxes	\$ -	\$ 1,593,201
Special assessments	-	-
Intergovernmental	3,323,680	1,765,132
Charges for services	196,585	-
Investment earnings	16,196	12,814
Contributions	9,927	8,867
Miscellaneous	<u>1,205</u>	<u>-</u>
Total Revenues	<u>3,547,593</u>	<u>3,380,014</u>
EXPENDITURES		
Governmental activities		
Current		
Public works	-	-
Culture and recreation	-	-
Community and economic development	-	-
General government	-	-
Debt service		
Principal	-	-
Interest and fiscal charges	-	-
Capital projects	<u>4,125,360</u>	<u>4,434,867</u>
Total Expenditures	<u>4,125,360</u>	<u>4,434,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(577,767)</u>	<u>(1,054,853)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	2,235,000	1,995,350
Premium on bonds	446	40,037
Issuance of refunding bonds	-	-
Refunded bonds redeemed	-	-
Transfers in	122,671	242,183
Transfers out	<u>-</u>	<u>(111,157)</u>
Total Other Financing Sources (Uses)	2,358,117	2,166,413
NET CHANGE IN FUND BALANCES	1,780,350	1,111,560
FUND BALANCES, BEGINNING	<u>1,201,155</u>	<u>1,731,334</u>
FUND BALANCES, ENDING	<u>\$ 2,981,505</u>	<u>\$ 2,842,894</u>

**EXHIBIT A-2  
(Continued)**

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ -	\$ -	\$ 2,122,066
-	-	596,138
-	-	14,240,115
-	-	198,854
15,185	195	121,984
-	-	1,036,992
-	-	765,566
<u>15,185</u>	<u>195</u>	<u>19,081,715</u>
-	-	4,406,853
1,070	-	77,809
-	-	4,618,451
-	-	699,390
-	-	1,130,260
-	-	558,712
-	-	8,560,227
<u>1,070</u>	<u>-</u>	<u>20,051,702</u>
<u>14,115</u>	<u>195</u>	<u>(969,987)</u>
-	-	4,230,350
-	-	40,483
-	-	-
-	-	-
-	-	2,506,122
-	-	(1,012,937)
-	-	5,764,018
14,115	195	4,794,031
<u>109,666</u>	<u>12,068</u>	<u>6,100,967</u>
<u>\$ 123,781</u>	<u>\$ 12,263</u>	<u>\$ 10,894,998</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, 2012**

**EXHIBIT B-1**

	Refuse Collection	Transit System	Salt	Total Other Enterprise Funds
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and pooled cash investments	\$ 1,240,103	4550152	\$ -	\$ 5,790,255
Receivables				
Accounts	280,653	694	55,922	337,269
Accrued interest	2,563	-	338	2,901
Intergovernmental	-	670,387	-	670,387
Total Current Assets	<u>1,523,319</u>	<u>5,221,233</u>	<u>56,260</u>	<u>6,800,812</u>
<b>NONCURRENT ASSETS</b>				
Capital assets				
Land	-	36,000	-	36,000
Buildings	-	1,887,564	175,458	2,063,022
Machinery and equipment	1,935,332	6,214,150	36,342	8,185,824
Construction in progress	-	648,587	-	648,587
Accumulated depreciation	<u>(1,166,843)</u>	<u>(3,476,229)</u>	<u>(2,221)</u>	<u>(4,645,293)</u>
Net Capital Assets	<u>768,489</u>	<u>5,310,072</u>	<u>209,579</u>	<u>6,288,140</u>
Total Noncurrent Assets	<u>768,489</u>	<u>5,310,072</u>	<u>209,579</u>	<u>6,288,140</u>
 Total Assets	 <u>2,291,808</u>	 <u>10,531,305</u>	 <u>265,839</u>	 <u>13,088,952</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	8,166	35,546	12,110	55,822
Accrued payroll	21,547	25,120	-	46,667
General obligation bonds payable - current	3,934	-	-	3,934
Accrued compensated absences	15,573	-	-	15,573
Accrued interest payable	273	-	-	273
Due to other funds	-	-	142,408	142,408
Total Current Liabilities	<u>49,493</u>	<u>60,666</u>	<u>154,518</u>	<u>264,677</u>
<b>NONCURRENT LIABILITIES</b>				
General obligation bonds payable (net of premium of \$460)	99,526	-	-	99,526
Accrued Compensated Absences	267,034	3,346	-	270,380
Net OPEB liability	<u>113,060</u>	<u>33,543</u>	<u>-</u>	<u>146,603</u>
Total Noncurrent Liabilities	<u>479,620</u>	<u>36,889</u>	<u>-</u>	<u>516,509</u>
 Total Liabilities	 <u>529,113</u>	 <u>97,555</u>	 <u>154,518</u>	 <u>781,186</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	665,087	5,310,072	209,579	6,184,738
Unrestricted	<u>1,097,608</u>	<u>5,123,678</u>	<u>(98,258)</u>	<u>6,123,028</u>
Total Net Assets	<u>\$ 1,762,695</u>	<u>\$ 10,433,750</u>	<u>\$ 111,321</u>	<u>\$ 12,307,766</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**EXHIBIT B-2**

	Refuse Collection	Transit System	Salt	Total Other Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 3,254,593	\$ 181,648	\$ 665,942	\$ 4,102,183
Other	<u>3,367</u>	<u>97,187</u>	<u>-</u>	<u>100,554</u>
Total Operating Revenues	<u>3,257,960</u>	<u>278,835</u>	<u>665,942</u>	<u>4,202,737</u>
<b>OPERATING EXPENSES</b>				
Employee expense	2,065,770	1,441,259	-	3,507,029
Utilities	16,195	44,588	-	60,783
Repairs and maintenance	319,762	216,454	4,301	540,517
Supplies and services	670,863	1,300,172	653,373	2,624,408
Insurance	21,983	33,241	1,500	56,724
Depreciation	<u>75,372</u>	<u>594,036</u>	<u>2,221</u>	<u>671,629</u>
Total Operating Expenses	<u>3,169,945</u>	<u>3,629,750</u>	<u>661,395</u>	<u>7,461,090</u>
OPERATING INCOME (LOSS)	<u>88,015</u>	<u>(3,350,915)</u>	<u>4,547</u>	<u>(3,258,353)</u>
<b>NONOPERATING REVENUES</b>				
Intergovernmental	22,513	4,614,091	-	4,636,604
Investment earnings	19,175	3,500	65	22,740
Interest expense	(3,130)	-	-	(3,130)
Gain (loss) on disposal of assets	<u>-</u>	<u>(124,236)</u>	<u>2,956</u>	<u>(121,280)</u>
Net Nonoperating Revenues	<u>38,558</u>	<u>4,493,355</u>	<u>3,021</u>	<u>4,534,934</u>
INCOME (LOSS) BEFORE TRANSFERS	126,573	1,142,440	7,568	1,276,581
TRANSFERS IN	-	5,331,595	-	5,331,595
TRANSFERS OUT	<u>(19,000)</u>	<u>(192,173)</u>	<u>-</u>	<u>(211,173)</u>
CHANGE IN NET ASSETS	107,573	6,281,862	7,568	6,397,003
NET ASSETS, BEGINNING	<u>1,655,122</u>	<u>4,151,888</u>	<u>103,753</u>	<u>5,910,763</u>
NET ASSETS, ENDING	<u>\$ 1,762,695</u>	<u>\$ 10,433,750</u>	<u>\$ 111,321</u>	<u>\$ 12,307,766</u>

**COMBINING CITY OF DUBUQUE, IOWA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2012**

**EXHIBIT B-3**

	Refuse Collection	Transit System	Salt	Total Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 3,306,835	\$ 181,728	\$ 610,020	\$ 4,098,583
Cash payments to suppliers for goods and services	(1,030,314)	(1,554,808)	(647,064)	(3,232,186)
Cash payments to employees for services	(1,932,188)	(1,483,488)	-	(3,415,676)
Other operating receipts	<u>3,367</u>	<u>97,187</u>	<u>-</u>	<u>100,554</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>347,700</u>	<u>(2,759,381)</u>	<u>(37,044)</u>	<u>(2,448,725)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	5,331,595	-	5,331,595
Transfers to other funds	(19,000)	(192,173)	-	(211,173)
Proceeds from interfund balances	-	-	142,408	142,408
Payment of interfund balances	-	(107,173)	-	(107,173)
Intergovernmental grant proceeds	<u>22,513</u>	<u>5,704,609</u>	<u>-</u>	<u>5,727,122</u>
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<u>3,513</u>	<u>10,736,858</u>	<u>142,408</u>	<u>10,882,779</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	-	74,777	2,956	77,733
Acquisition and construction of capital assets	(533,983)	(3,505,702)	(211,800)	(4,251,485)
Proceeds from issuance of debt	35,780	-	-	35,780
Premium from debt issuance	460	-	-	460
Principal Paid	(2,787)	-	-	(2,787)
Interest paid	<u>(3,040)</u>	<u>-</u>	<u>-</u>	<u>(3,040)</u>
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(503,570)</u>	<u>(3,430,925)</u>	<u>(208,844)</u>	<u>(4,143,339)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>20,882</u>	<u>3,500</u>	<u>65</u>	<u>24,447</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>20,882</u>	<u>3,500</u>	<u>65</u>	<u>24,447</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(131,475)	4,550,052	(103,415)	4,315,162
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>1,371,578</u>	<u>100</u>	<u>103,415</u>	<u>1,475,093</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 1,240,103</u>	<u>\$ 4,550,152</u>	<u>\$ -</u>	<u>\$ 5,790,255</u>

(Continued)

**CITY OF DUBUQUE, IOWA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2012**

**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)	\$ 88,015	\$ (3,350,915)	\$ 4,547	\$ (3,258,353)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	75,372	594,036	2,221	671,629
Change in assets and liabilities				
Decrease in receivables	52,242	80	(55,922)	(3,600)
(Increase) in inventories and prepaid items	-	28,245	-	28,245
(Decrease) in accounts payable	(1,511)	11,402	12,110	22,001
(Decrease) in accrued liabilities	119,598	(46,424)	-	73,174
Increase in net OPEB liability	13,984	4,195	-	18,179
Total Adjustments	<u>259,685</u>	<u>591,534</u>	<u>(41,591)</u>	<u>809,628</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 347,700</u>	<u>\$ (2,759,381)</u>	<u>\$ (37,044)</u>	<u>\$ (2,448,725)</u>
Amortization of bond discount	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>

# 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, 2012**

	General Service	Garage Service	Stores/ Printing
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash investments	\$ -	\$ 32,335	\$ -
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	69,906	8,063
Total Current Assets	<u>-</u>	<u>102,241</u>	<u>8,063</u>
<b>NONCURRENT ASSETS</b>			
Capital assets			
Machinery and equipment	-	101,738	-
Accumulated depreciation	-	(70,280)	-
Net Capital Assets	<u>-</u>	<u>31,458</u>	<u>-</u>
Total Noncurrent Assets	<u>-</u>	<u>31,458</u>	<u>-</u>
Total Assets	<u>-</u>	<u>133,699</u>	<u>8,063</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	-	22,727	-
Accrued payroll	18,902	12,708	-
Due to other funds	1,991	-	4,436
Total Current Liabilities	<u>20,893</u>	<u>35,435</u>	<u>4,436</u>
Total Liabilities	<u>20,893</u>	<u>35,435</u>	<u>4,436</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	31,458	-
Unrestricted	<u>(20,892)</u>	<u>66,806</u>	<u>3,626</u>
Total Net Assets (Deficit)	<u>\$ (20,892)</u>	<u>\$ 98,264</u>	<u>\$ 3,626</u>

**Exhibit C-1**

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 2,117,739	\$ 104,222	\$ 2,254,296
18,408	-	18,408
1,285	219	1,504
-	-	77,969
2,137,432	104,441	2,352,177
-	-	101,738
-	-	(70,280)
-	-	31,458
-	-	31,458
2,137,432	104,441	2,383,635
386,900	1,137,168	1,546,795
-	-	31,610
-	-	6,427
386,900	1,137,168	1,584,832
386,900	1,137,168	1,584,832
-	-	31,458
1,750,533	(1,032,728)	767,345
\$ 1,750,533	\$ (1,032,728)	\$ 798,803

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (DEFICIT)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	General Service	Garage Service	Stores/ Printing
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 2,007,208	\$ 2,146,319	\$ 17,202
Other	-	40,576	-
Total Operating Revenues	<u>2,007,208</u>	<u>2,186,895</u>	<u>17,202</u>
<b>OPERATING EXPENSES</b>			
Employee expense	1,992,575	838,934	-
Utilities	-	23,117	-
Repairs and maintenance	-	30,501	-
Supplies and services	4,875	1,322,681	20,040
Insurance	10,534	15,966	-
Depreciation	-	7,565	-
Total Operating Expenses	<u>2,007,984</u>	<u>2,238,764</u>	<u>20,040</u>
OPERATING INCOME (LOSS)	(776)	(51,869)	(2,838)
<b>NONOPERATING REVENUES</b>			
Investment earnings	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(776)	(51,869)	(2,838)
TRANSFERS IN	-	-	-
CHANGE IN NET ASSETS	(776)	(51,869)	(2,838)
NET ASSETS (DEFICIT), BEGINNING	<u>(20,116)</u>	<u>150,133</u>	<u>6,464</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ (20,892)</u>	<u>\$ 98,264</u>	<u>\$ 3,626</u>

**EXHIBIT C-2**

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 6,332,684	\$ 757,005	\$ 11,260,418
<u>-</u>	<u>-</u>	<u>40,576</u>
<u>6,332,684</u>	<u>757,005</u>	<u>11,300,994</u>
-	-	2,831,509
-	-	23,117
-	-	30,501
7,623,275	942,502	9,913,373
79,050	-	105,550
<u>-</u>	<u>-</u>	<u>7,565</u>
<u>7,702,325</u>	<u>942,502</u>	<u>12,911,615</u>
(1,369,641)	(185,497)	(1,610,621)
<u>11,290</u>	<u>6,422</u>	<u>17,712</u>
(1,358,351)	(179,075)	(1,592,909)
<u>2,111,912</u>	<u>100,000</u>	<u>2,211,912</u>
753,561	(79,075)	619,003
<u>996,972</u>	<u>(953,653)</u>	<u>179,800</u>
<u>\$ 1,750,533</u>	<u>\$ (1,032,728)</u>	<u>\$ 798,803</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2012**

	General Service	Garage Service	Stores/ Printing
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,007,208	\$ 2,146,319	\$ 17,202
Cash payments to suppliers for goods and services	(15,409)	(1,405,635)	(21,652)
Cash payments to employees for services	(1,996,290)	(862,330)	-
Other operating receipts	-	40,576	-
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>(4,491)</u>	<u>(81,070)</u>	<u>(4,450)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	-	-
Payment of interfund balances	1,991	-	4,436
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<u>1,991</u>	<u>-</u>	<u>4,436</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,500)	(81,070)	(14)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>2,500</u>	<u>113,405</u>	<u>14</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ -</u>	<u>\$ 32,335</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating (loss)	\$ (776)	\$ (51,869)	\$ (2,838)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities			
Depreciation	-	7,565	-
Change in assets and liabilities			
(Increase) Decrease in receivables	-	-	-
(Increase) Decrease in inventories and prepaid items	-	(5,508)	(1,611)
Increase (decrease) in accounts payable	-	(7,862)	(1)
(Decrease) in accrued liabilities	(3,715)	(23,396)	-
<b>Total Adjustments</b>	<u>(3,715)</u>	<u>(29,201)</u>	<u>(1,612)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (4,491)</u>	<u>\$ (81,070)</u>	<u>\$ (4,450)</u>

**EXHIBIT C-3**

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 6,497,110	\$ 757,005	\$ 11,424,844
(7,529,799)	(792,351)	(9,764,846)
-	-	(2,858,620)
<u>-</u>	<u>-</u>	<u>40,576</u>
<u>(1,032,689)</u>	<u>(35,346)</u>	<u>(1,158,046)</u>
2,111,912	100,000	2,211,912
<u>-</u>	<u>-</u>	<u>6,427</u>
<u>2,111,912</u>	<u>100,000</u>	<u>2,218,339</u>
<u>13,363</u>	<u>6,312</u>	<u>19,675</u>
1,092,586	70,966	1,079,968
<u>1,025,155</u>	<u>33,255</u>	<u>1,174,329</u>
<u>\$ 2,117,741</u>	<u>\$ 104,221</u>	<u>\$ 2,254,297</u>
<u>\$ (1,369,641)</u>	<u>\$ (185,497)</u>	<u>\$ (1,610,621)</u>
-	-	7,565
164,426	-	164,426
48,595	-	41,476
123,931	150,151	266,219
<u>-</u>	<u>-</u>	<u>(27,111)</u>
<u>336,952</u>	<u>150,151</u>	<u>452,575</u>
<u>\$ (1,032,689)</u>	<u>\$ (35,346)</u>	<u>\$ (1,158,046)</u>

# AGENCY FUNDS

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

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

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

**CITY OF DUBUQUE, IOWA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

**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	\$ 179,215	\$ 213,093	\$ 126,322	\$ 265,986
Accounts receivable	53,197	2,032	-	55,229
Total Assets	<u>\$ 232,412</u>	<u>\$ 215,125</u>	<u>\$ 126,322</u>	<u>\$ 321,215</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 11,174	\$ -	\$ 11,174	\$ -
Due to other agency	221,238	99,977	-	321,215
Total Liabilities	<u>\$ 232,412</u>	<u>\$ 99,977</u>	<u>\$ 11,174</u>	<u>\$ 321,215</u>
<b>DOG TRACK DEPRECIATION FUND</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 1,068,628	\$ 145,374	\$ 6,783	\$ 1,207,219
Accrued interest	3,498	2,747	3,498	2,747
Total Assets	<u>\$ 1,072,126</u>	<u>\$ 148,121</u>	<u>\$ 10,281</u>	<u>\$ 1,209,966</u>
<b>LIABILITIES</b>				
Due to other agency	<u>\$ 1,072,126</u>	<u>\$ 137,840</u>	<u>\$ -</u>	<u>\$ 1,209,966</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 1,247,843	\$ 358,467	\$ 133,105	\$ 1,473,205
Accounts receivable	53,197	2,032	-	55,229
Accrued interest	3,498	2,747	3,498	2,747
Total Assets	<u>\$ 1,304,538</u>	<u>\$ 363,246</u>	<u>\$ 136,603</u>	<u>\$ 1,531,181</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 11,174	\$ -	\$ 11,174	\$ -
Due to other agency	1,293,364	237,817	-	1,531,181
Total Liabilities	<u>\$ 1,304,538</u>	<u>\$ 237,817</u>	<u>\$ 11,174</u>	<u>\$ 1,531,181</u>



**Statistical Section (Unaudited)**  
**June 30, 2012**  
**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.	132
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	142
<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.	146
<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.	156
<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.	158

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

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

	Fiscal -				
	2003	2004	2005	2006	2007
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 212,767,403	\$ 231,863,231	\$ 249,881,646	\$ 267,762,059	\$ 288,978,975
Restricted	29,306,124	31,931,803	24,180,874	21,693,357	23,900,328
Unrestricted	<u>11,528,644</u>	<u>11,322,661</u>	<u>11,236,870</u>	<u>15,132,486</u>	<u>21,921,571</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>	<u>\$ 334,800,874</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	\$ 91,483,532
Restricted	553,677	554,005	554,205	554,294	554,318
Unrestricted	<u>6,308,801</u>	<u>10,502,939</u>	<u>12,854,730</u>	<u>13,258,072</u>	<u>11,214,900</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>	<u>\$ 103,252,750</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	\$ 380,462,507
Restricted	29,859,801	32,485,808	24,735,079	22,247,651	24,454,646
Unrestricted	<u>17,837,445</u>	<u>21,825,600</u>	<u>24,091,600</u>	<u>28,390,558</u>	<u>33,136,471</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>	<u>\$ 438,053,624</u>

**TABLE 1**

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

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

	Fiscal -				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
Public safety	\$ 15,817,052	\$ 16,605,481	\$ 18,636,877	\$ 18,892,980	\$ 20,326,724
Public works	14,453,558	12,847,410	17,088,983	16,390,322	16,505,560
Health and social services	815,524	1,290,619	654,469	678,748	759,367
Culture and recreation	7,367,147	7,849,114	8,474,183	9,627,505	9,837,299
Community and economic development	9,431,702	12,662,552	9,680,046	8,541,167	11,965,805
General government	4,211,922	3,773,136	4,048,475	3,868,687	4,940,154
Interest on long-term debt	<u>1,605,326</u>	<u>1,248,498</u>	<u>1,298,367</u>	<u>1,460,730</u>	<u>1,400,748</u>
Total governmental activities expenses	<u>53,702,231</u>	<u>56,276,810</u>	<u>59,881,400</u>	<u>59,460,139</u>	<u>65,735,657</u>
Business-type activities:					
Sewage disposal works	4,655,696	5,282,016	4,656,172	5,298,353	5,814,076
Water utility	4,145,983	4,368,738	4,232,489	4,700,483	4,780,063
Stormwater utility	-	1,184,968	1,114,811	1,153,628	1,198,675
Parking facilities	1,445,434	1,655,429	1,604,071	1,629,427	1,611,447
America's River Project	414,830	1,064,701	515,570	82,617	434,667
Refuse collection	2,140,807	2,238,254	2,202,800	2,463,795	2,496,018
Transit system	2,055,248	2,257,078	2,326,908	2,555,080	2,760,459
Salt	-	-	-	-	-
Total business-type activities expenses	<u>14,857,998</u>	<u>18,051,184</u>	<u>16,652,821</u>	<u>17,883,383</u>	<u>19,095,405</u>
Total primary government expenses	<u>\$ 68,560,229</u>	<u>\$ 74,327,994</u>	<u>\$ 76,534,221</u>	<u>\$ 77,343,522</u>	<u>\$ 84,831,062</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
Public safety	1,586,255	1,785,787	1,900,938	1,809,481	1,857,324
Public works	3,367,720	3,392,650	3,371,073	3,370,291	4,839,781
Culture and recreation	2,145,435	2,282,983	2,143,246	2,218,315	2,251,562
Other activities	764,732	873,457	945,712	895,920	1,074,550
Operating grants and contributions	13,677,503	12,197,307	14,603,106	12,902,410	11,641,904
Capital grants and contributions	<u>3,447,052</u>	<u>5,153,258</u>	<u>6,919,296</u>	<u>6,881,573</u>	<u>23,741,282</u>
Total governmental activities program revenues	<u>24,988,697</u>	<u>25,685,442</u>	<u>29,883,371</u>	<u>28,077,990</u>	<u>45,406,403</u>
Business-type activities:					
Charges for services					
Sewage disposal works	4,300,156	4,719,491	4,552,587	5,077,491	5,259,432
Water utility	3,975,598	4,307,238	4,224,074	4,669,340	4,743,896
Stormwater utility	-	754,101	684,570	928,850	1,227,243
Parking facilities	1,427,146	1,643,490	1,889,937	1,886,642	1,977,757
America's River Project	147,695	881,089	26,061	51,373	3,099
Refuse collection	1,981,105	2,157,285	2,283,677	2,397,525	2,642,251
Transit system	201,367	319,216	389,106	341,743	237,088
Salt	-	-	-	-	-
Operating grants and contributions	880,822	825,538	651,967	920,762	1,167,344
Capital grants and contributions	<u>11,938,797</u>	<u>11,007,676</u>	<u>3,030,378</u>	<u>2,769,657</u>	<u>1,670,874</u>
Total business-type activities program revenues	<u>24,852,686</u>	<u>26,615,124</u>	<u>17,732,357</u>	<u>19,043,383</u>	<u>18,928,984</u>
Total primary government program revenues	<u>\$ 49,841,383</u>	<u>\$ 52,300,566</u>	<u>\$ 47,615,728</u>	<u>\$ 47,121,373</u>	<u>\$ 64,335,387</u>

**TABLE 2**

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

(Continued)

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

	Fiscal -				
	2003	2004	2005	2006	2007
Net (Expense)/Revenue					
Governmental activities	\$ (28,713,534)	\$ (30,591,368)	\$ (29,998,029)	\$ (31,382,149)	\$ (20,329,254)
Business-type activities	9,994,688	8,563,940	1,079,536	1,160,000	(166,421)
Total primary government net expense	<u>\$ (18,718,846)</u>	<u>\$ (22,027,428)</u>	<u>\$ (28,918,493)</u>	<u>\$ (30,222,149)</u>	<u>\$ (20,495,675)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
General Revenues					
Property taxes	18,041,049	18,588,367	19,767,492	19,716,620	21,656,908
Local option sales tax	6,492,203	7,105,183	6,963,124	7,336,124	7,817,403
Hotel/motel tax	970,232	1,314,114	1,383,660	1,862,439	1,569,743
Utility franchise fees	-	862,275	1,310,064	1,521,201	1,492,920
Gaming	9,539,598	11,631,022	11,694,105	14,034,847	15,556,551
Unrestricted investment earnings	1,749,301	497,361	1,190,337	1,081,141	1,870,403
Gain on sale of capital assets	(149,650)	175,231	170,642	77,627	-
Other	1,228,232	638,681	560,789	572,602	586,931
Transfers	<u>(7,720,462)</u>	<u>10,956,246</u>	<u>(1,684,581)</u>	<u>5,033,974</u>	<u>(7,633)</u>
Total governmental activities	<u>30,150,503</u>	<u>51,768,480</u>	<u>41,355,632</u>	<u>51,236,575</u>	<u>50,543,226</u>
Business-type activities:					
General Revenues					
Property taxes	506,054	-	-	-	-
Unrestricted investment earnings	321,447	181,674	322,884	339,599	796,636
Gain on sale of capital assets	(168,001)	25	36	703	-
Extraordinary item	-	-	-	-	-
Transfers	<u>7,720,462</u>	<u>(10,956,246)</u>	<u>1,684,581</u>	<u>(5,033,974)</u>	<u>7,633</u>
Total business-type activities	<u>8,379,962</u>	<u>(10,774,547)</u>	<u>2,007,501</u>	<u>(4,693,672)</u>	<u>804,269</u>
Total primary government	<u>\$ 38,530,465</u>	<u>\$ 40,993,933</u>	<u>\$ 43,363,133</u>	<u>\$ 46,542,903</u>	<u>\$ 51,347,495</u>
Change in Net Assets					
Governmental activities	\$ 1,436,969	\$ 21,177,112	\$ 11,357,603	\$ 19,854,426	\$ 30,213,972
Business-type activities	<u>18,374,650</u>	<u>(2,210,607)</u>	<u>3,087,037</u>	<u>(3,533,672)</u>	<u>637,848</u>
Total primary government	<u>\$ 19,811,619</u>	<u>\$ 18,966,505</u>	<u>\$ 14,444,640</u>	<u>\$ 16,320,754</u>	<u>\$ 30,851,820</u>

**TABLE 2**  
**(Continued)**

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

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

	Fiscal -				
	2003	2004	2005	2006	2007
General Fund					
Reserved	4,573,723	\$ 3,233,335	\$ 3,169,453	\$ 1,477,141	\$ 4,455,303
Unreserved	12,218,787	13,685,063	13,706,134	16,050,997	17,827,631
Nonspendable	*	*	*	*	*
Assigned	*	*	*	*	*
Unassigned	*	*	*	*	*
Total general fund	<u>\$ 16,792,510</u>	<u>\$ 16,918,398</u>	<u>\$ 16,875,587</u>	<u>\$ 17,528,138</u>	<u>\$ 22,282,934</u>
All Other Governmental Funds					
Reserved	14,525,251	\$ 14,231,390	\$ 13,607,759	\$ 15,564,016	\$ 13,942,519
Unreserved, reported in:					
Special revenue funds	11,886,631	9,720,412	5,777,233	7,277,471	7,586,898
Debt service fund	-	(68,569)	(56,320)	-	-
Capital projects funds	5,846,016	7,353,593	11,191,461	(981,248)	4,195,354
Permanent funds	70,091	71,373	73,628	83,367	115,825
Nonspendable	*	*	*	*	*
Restricted	*	*	*	*	*
Committed	*	*	*	*	*
Unassigned	*	*	*	*	*
Total all other governmental funds	<u>\$ 32,327,989</u>	<u>\$ 31,308,199</u>	<u>\$ 30,593,761</u>	<u>\$ 21,943,606</u>	<u>\$ 25,840,596</u>

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

**TABLE 3**

Year				
2008	2009	2010	2011	2012
\$ 1,699,825	\$ 4,864,701	\$ 5,199,760	*	*
17,982,016	14,206,181	8,622,705	*	*
*	*	*	868,631	5,613,359
*	*	*	8,904,490	5,549,803
*	*	*	6,139,306	9,371,016
<u>\$ 19,681,841</u>	<u>\$ 19,070,882</u>	<u>\$ 13,822,465</u>	<u>\$ 15,912,427</u>	<u>\$ 20,534,178</u>
\$ 31,887,038	\$ 19,634,305	\$ 24,404,656	*	*
			*	*
7,431,931	5,981,390	4,011,022	*	*
-	-	-	*	*
7,875,448	5,659,214	(989,025)	*	*
33,958	35,550	33,273	*	*
*	*	*	10,320,305	10,975,468
*	*	*	18,010,570	31,362,126
*	*	*	5,203,472	5,843,671
*	*	*	(377,363)	(429,344)
<u>\$ 47,228,375</u>	<u>\$ 31,310,459</u>	<u>\$ 27,459,926</u>	<u>\$ 33,156,984</u>	<u>\$ 47,751,921</u>

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

	2003	2004	2005	2006	Fiscal - 2007
<b>Revenues</b>					
Taxes	\$ 25,508,936	\$ 27,861,273	\$ 29,430,135	\$ 30,043,167	\$ 32,526,525
Special assessments	561,406	717,305	197,195	322,214	586,459
Licenses and permits	753,990	1,063,081	1,078,722	965,712	1,052,896
Intergovernmental	17,249,290	17,057,994	18,370,358	15,021,722	16,744,703
Charges for services	5,325,031	5,666,307	5,918,542	6,620,243	7,351,191
Fines and forfeits	465,787	241,572	267,536	204,201	158,360
Investment earnings	1,750,519	502,932	1,197,691	1,096,445	1,913,420
Contributions	447,960	345,415	306,809	246,908	1,168,463
Gaming	9,539,598	11,631,022	11,694,105	14,034,847	15,556,551
Miscellaneous	1,312,348	1,139,057	1,573,305	1,106,991	1,149,546
Total revenues	<u>62,914,865</u>	<u>66,225,958</u>	<u>70,034,398</u>	<u>69,662,450</u>	<u>78,208,114</u>
<b>Expenditures</b>					
<b>Current</b>					
Public safety	15,278,654	16,764,510	18,652,246	19,535,369	20,743,196
Public works	11,860,004	10,723,527	21,301,239	11,605,567	12,506,378
Health and social services	749,435	721,906	662,231	715,598	783,209
Culture and recreation	7,515,522	7,470,264	8,180,832	9,998,462	10,244,244
Community and economic development	9,010,868	11,924,011	9,825,470	9,981,645	11,695,902
General government	3,835,609	4,227,335	4,022,785	4,090,866	4,441,043
<b>Debt service</b>					
Principal	2,009,986	2,117,773	1,769,960	1,325,970	1,663,339
Interest	1,668,019	1,304,802	1,240,427	1,493,504	1,412,012
<b>Capital projects</b>	<u>9,930,311</u>	<u>6,865,119</u>	<u>8,226,840</u>	<u>14,528,340</u>	<u>8,227,257</u>
Total expenditures	<u>61,858,408</u>	<u>62,119,247</u>	<u>73,882,030</u>	<u>73,275,321</u>	<u>71,716,580</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>	<u>6,491,534</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	-	-	-	13,682	743,591
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	10,394,726
Transfers out	(21,073,805)	(15,060,669)	(16,105,184)	(11,904,890)	(11,789,548)
Insurance recovery	-	-	-	-	-
Sale of capital assets	117,239	264,344	170,642	150,491	2,811,483
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>	<u>2,160,252</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>	<u>\$ 8,651,786</u>
Debt service as a percentage of noncapital expenditures	7.37%	6.32%	5.46%	4.99%	5.01%

**TABLE 4**

Year				
2008	2009	2010	2011	2012
\$ 33,898,692	\$ 34,454,146	\$ 36,252,156	\$ 40,428,894	\$ 43,443,669
177,585	250,372	318,178	232,535	596,138
1,153,429	1,088,386	1,115,472	1,170,922	1,570,022
14,256,523	15,796,822	27,310,624	26,171,082	37,574,783
7,833,151	8,029,189	8,063,284	8,723,086	9,296,329
188,603	199,839	224,601	454,117	525,389
2,731,953	2,206,382	1,348,615	654,587	1,511,437
6,134,002	1,369,759	2,333,995	1,297,621	1,578,376
15,346,468	9,627,391	8,209,761	13,327,223	8,785,453
<u>1,269,376</u>	<u>1,600,679</u>	<u>2,111,834</u>	<u>2,075,262</u>	<u>1,319,558</u>
<u>82,989,782</u>	<u>74,622,965</u>	<u>87,288,520</u>	<u>94,535,329</u>	<u>106,201,154</u>
21,542,661	21,335,192	21,979,729	23,950,386	24,476,772
16,331,107	14,261,551	19,251,625	14,429,415	12,385,929
797,644	815,873	813,609	1,040,114	828,837
10,277,787	12,227,506	14,909,517	11,279,951	10,873,474
11,847,512	11,953,279	14,654,816	12,361,176	22,237,140
6,310,939	5,836,839	6,368,308	7,686,929	6,335,947
1,762,375	2,169,678	2,651,765	2,820,371	3,224,680
2,406,431	3,095,166	3,145,735	3,321,157	3,220,546
<u>15,351,848</u>	<u>24,274,120</u>	<u>14,831,118</u>	<u>15,102,893</u>	<u>23,459,891</u>
<u>86,628,304</u>	<u>95,969,204</u>	<u>98,606,222</u>	<u>91,992,392</u>	<u>107,043,216</u>
<u>(3,638,522)</u>	<u>(21,346,239)</u>	<u>(11,317,702)</u>	<u>2,542,937</u>	<u>(842,062)</u>
23,083,696	5,905,000	4,722,176	6,996,722	27,215,363
(266,158)	(48,516)	(31,990)	(39,547)	(71,689)
-	-	554,796	1,642	123,990
2,965,000	-	8,885,000	705,000	-
(2,875,000)	-	(9,405,000)	(690,000)	-
14,801,589	7,451,152	7,993,297	15,850,523	8,773,387
(18,185,109)	(9,084,228)	(10,562,137)	(18,961,892)	(18,336,603)
-	-	-	628,482	132,425
<u>2,901,190</u>	<u>593,956</u>	<u>62,610</u>	<u>753,153</u>	<u>2,221,877</u>
<u>22,425,208</u>	<u>4,817,364</u>	<u>2,218,752</u>	<u>5,244,083</u>	<u>20,058,750</u>
<u>\$ 18,786,686</u>	<u>\$ (16,528,875)</u>	<u>\$ (9,098,950)</u>	<u>\$ 7,787,020</u>	<u>\$ 19,216,688</u>
6.55%	7.68%	7.74%	8.49%	7.65%

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

**TABLE 5**

Levy Year	Fiscal Year	Real Property		Exemptions	Total		Total Taxable Value to Total	Total Direct Tax Rate
		Taxable Value	Assessed Value	Real Property	Taxable Value	Assessed Value	Assessed Value	
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
2010	2012	2,243,474	3,406,186	8,875	2,234,599	3,406,186	65.60	10.45111

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

**TABLE 6**

<b>Levy Year</b>	<b>Fiscal Year</b>	<b>Dubuque City</b>	<b>Dubuque School District</b>	<b>Board of Education and Independents</b>	<b>Area 1 Voc. Tech</b>	<b>Dubuque County</b>	<b>Total</b>	<b>Ratio of Dubuque City to Total</b>
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
2010	2012	10.45111	16.87685	0.67766	1.07379	6.49167	35.57108	29.38

Separate components of the Dubuque City Rate is as follows:

<b>Levy Year</b>	<b>Fiscal Year</b>	<b>General</b>	<b>Public Transit</b>	<b>Insurance</b>	<b>Employee Benefits</b>	<b>Debt Service</b>	<b>Total</b>
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
2010	2012	8.10000	0.35273	0.19508	1.75052	0.05278	10.45111

Source: Dubuque County Auditor's Office.

**CITY OF DUBUQUE, IOWA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(IN THOUSANDS OF DOLLARS)**

**TABLE 7**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Peninsula Gaming Company	\$ 56,784	1	1.67 %	\$ -		- %
Kennedy Mall Inc.	27,206	2	.80	23,588	1	1.02
Progressive Processing LLC (Horm	21,397	3	.63			
Medical Associates Realty LP	19,559	4	.57	21,080	2	.91
Nordstrom, Inc.	17,221	5	.51	14,889	4	.64
The McGraw Hill Companies Inc.	14,729	6	.43	7,702	10	.33
Otto A LLC	14,100	7	.41	17,512	3	.76
Walter Development LLC	13,780	8	.40			
Platinum Holdings LLC	11,588	9	.34			
Asbury Dubuque LLC	10,867	10	.32			
Minglewood Limited Partnership				8,944	8	.39
Lexington Dubuque LLC						
Plaza 20 Inc.				10,041	5	.43
U.S. West Communications				9,422	6	.41
Wal-Mart				9,137	7	.39
American Trust & Savings Bank				8,640	9	.37
	<u>\$ 207,231</u>		<u>6.08%</u>	<u>\$ 130,955</u>		<u>5.65%</u>

Source: Dubuque County Auditor's Office

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

**TABLE 8**

Fiscal Year	Tax Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections (2)	Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2003	2002	15,810	15,703	99.3 %	216	15,431	100.7 %	130	0.82 %
2004	2003	16,208	15,937	98.3	11	15,948	98.4	207	1.28
2005	2004	16,408	16,383	99.8	20	16,403	100.0	196	1.19
2006	2005	16,229	16,146	99.5	2	16,148	99.5	182	1.12
2007	2006	17,216	17,193	99.9	4	17,197	99.9	174	1.01
2008	2007	18,211	18,160	99.7	3	18,163	99.7	215	1.18
2009	2008	18,992	18,670	98.3	5	18,675	98.3	262	1.38
2010	2009	19,124	19,117	99.9	(10)	19,107	99.9	202	1.06
2011	2010	19,906	19,793	99.4	13	19,806	99.5	276	1.39
2012	2011	21,313	21,339	100.1	1	21,341	100.1	185	0.87

(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 Obligation Bonds	Tax Increment Financing Bonds	Tax Increment Financing Notes	Other Loans Payable
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
2012	52,751,472	22,488,953	1,767,664	4,735,714

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**

Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
General Obligation Bonds	Capital Loan Notes	Revenue Bonds	Other Loans Payable			
\$ 5,140,000	\$ -	\$ 1,540,000	\$ -	\$ 31,488,199	1.98%	\$ 546
6,660,000	-	1,350,000	-	31,495,394	1.85%	546
8,090,000	-	1,150,000	-	38,273,031	2.17%	663
11,619,250	-	940,000	-	40,355,743	2.17%	700
11,090,000	-	720,000	-	38,674,716	2.01%	670
11,570,000	611,977	490,000	-	60,948,015	3.06%	1,057
14,655,000	3,914,076	1,445,000	390,890	72,416,626	3.62%	1,255
24,225,000	8,289,621	1,125,000	371,978	87,573,368	4.26%	1,518
25,503,978	33,195,408	6,755,000	2,252,109	125,459,614	5.38%	2,177
35,248,528	61,957,749	6,500,000	331,235	185,781,315	*	3,223

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

**TABLE 10**

Fiscal Year	General Obligation Bonds	Taxable Value of Property	Percentage of Taxable Value of Property	Assessed Value of Property	Percentage of Assessed Value of Property	Per Capita
2003	\$ 25,005	\$ 1,530,057	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
2012	88,000	2,243,474	3.92%	3,406,186	2.58%	1,527

CITY OF DUBUQUE, IOWA  
DIRECT AND OVERLAPPING DEBT  
AS OF JUNE 30, 2012

TABLE 11

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding (1)</u>	<u>Tax Increment Financing Bonds</u>	<u>Tax Increment Financing Notes</u>	<u>Capital Notes</u>	<u>Loans Payable</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to Government</u>
Direct, City of Dubuque, Iowa	\$ 52,751,472	\$ 22,488,953	\$ 1,767,664	\$ -	\$ 4,735,714	100.00%	\$ 81,743,803
<b>Overlapping:</b>							
Dubuque County	-	-	-	-	286,830	0.06%	172
Dubuque Community School District	-	-	-	22,450,000	-	100.00%	22,450,000
Northeast Iowa Community College	<u>31,605,000</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>-</u>	0.03%	<u>9,707</u>
Total Overlapping	<u>31,605,000</u>	<u>-</u>	<u>-</u>	<u>23,200,000</u>	<u>286,830</u>		<u>22,459,879</u>
Total	<u>\$ 84,356,472</u>	<u>\$ 22,488,953</u>	<u>\$ 1,767,664</u>	<u>\$ 23,200,000</u>	<u>\$ 5,022,544</u>		<u>\$ 104,203,682</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)**

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	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debit limit	\$ 115,896	\$ 117,516	\$ 133,149	\$ 138,789
Total net debt applicable to limit	<u>30,271</u>	<u>30,185</u>	<u>37,177</u>	<u>39,443</u>
Legal debit margin	<u>\$ 85,625</u>	<u>\$ 87,331</u>	<u>\$ 95,972</u>	<u>\$ 99,346</u>
Total net debt applicable to the debt limit as a percentage of debt limit	26.12%	25.69%	27.92%	28.42%

**TABLE 12**

2007	2008	2009	2010	2011	2012
\$ 145,401	\$ 148,824	\$ 163,621	\$ 167,247	\$ 174,333	\$ 177,668
<u>38,060</u>	<u>60,485</u>	<u>76,182</u>	<u>101,152</u>	<u>92,443</u>	<u>142,316</u>
<u>\$ 107,341</u>	<u>\$ 88,339</u>	<u>\$ 87,439</u>	<u>\$ 66,095</u>	<u>\$ 81,890</u>	<u>\$ 35,352</u>
26.18%	40.64%	46.56%	60.48%	53.03%	80.10%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Estimated actual value	<u>\$ 3,553,359,810</u>
Debt limit - 5% of total actual valuation	\$ 177,667,991
Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund)	<u>\$ 142,315,881</u>
Legal debt margin	<u>\$ 35,352,110</u>

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

**TABLE 13**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Next Fiscal Year's Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
<b>WATER UTILITY</b>							
2008	\$ 4,933	\$ 3,959	\$ 974	\$ 39	\$ 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
2012	6,087	5,895	192	535	455	990	0.19

**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	3,023	1,679	1,344	231	243	474	2.84
2012	3,211	1,497	1,714	462	268	730	2.35

**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	6,029	670	34	1,129	1,163	0.58
2012	7,892	7,018	874	1,719	1,443	3,162	0.28

**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	
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**

<b>Fiscal Year</b>	<b>Water Receipts</b>	<b>Sewer Receipts</b>
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
2012	6,297,547	7,825,037

**Source:** Cash basis receipt ledgers.

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

**TABLE 15**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Government</b>	<b>Total</b>
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
2012	20,532	1,902	79	52	22,565

\*Prior three years information not available.

**CITY OF DUBUQUE, IOWA  
LARGEST WATER AND SEWER CUSTOMERS  
FISCAL YEAR 2012**

**TABLE 16**

Customer	Water		Percentage of Total Water		Sewer		Percentage of Total Sewer	
	Receipts	Rank	Receipts		Receipts	Rank	Receipts	
Rousselot	\$ 230,848	1	3.67 %		\$ 446,702	1	5.71 %	
Hormel	99,388	2	1.58		206,276	2	2.64	
Water & Resource Recovery Center	54,545	3	0.87					
University of Dubuque	54,508	4	0.87		60,176	10	0.77	
Loras College	54,458	5	0.86		70,668	6	0.9	
Prairie Farms	54,426	6	0.86		132,755	3	1.7	
Alliant Energy	53,982	7	0.86					
Mercy Medical Center	53,301	8	0.85		93,032	5	1.19	
Dubuque Community Schools	46,434	9	0.74		61,949	9	0.79	
Premier Linen & Dry Cleaning	34,948	10	0.55		66,935	7	0.86	
Table Mound Mobile Home Park					63,045	8	0.81	
Inland Protien					115,033	4	1.47	
Total Receipts	\$ 6,297,547				\$ 7,825,037			

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

**TABLE 17**

Year	Population	Personal Income	Per Capita		Public School Enrollment (3)	Unemployment Rate (4)
			Personal Income (1)	Median Age (2)		
2003	57,686	\$ 1,593,921,866	\$ 27,631	37	10,122.00	4.0 %
2004	57,686	1,704,563,614	29,549	37	10,428.00	4.4
2005	57,686	1,768,075,900	30,650	37	10,547.00	4.5
2006	57,686	1,862,680,940	32,290	37	10,733.00	3.5
2007	57,686	1,920,366,940	33,290	37	10,727.00	3.7
2008	57,686	1,994,262,706	34,571	38	10,614.00	3.8
2009	57,686	2,002,973,292	34,722	37	10,697.00	6.2
2010	57,686	2,055,640,610	35,635	37	10,517.00	6.4
2011	57,637	2,332,569,390	40,470	37	10,467.00	5.8
2012	57,637	*	*	37	*	5.2

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 18**

Employer	2012			2006*		
	# of Employees	Rank	Percentage of Total City Employment	# of Employees	Rank	Percentage of Total City Employment
John Deere (2)	2,065	1	3.81	1,900	1	3.35 %
Dubuque Community Schools	1,946	2	3.59	1,410	2	2.85
Mercy Medical Center	1,324	3	2.44	1,324	3	2.49
IBM (3)	1,300	4	2.40			
Medical Associates	999	5	1.84	998	5	1.87
Finley Hospital	920	6	1.70	920	7	1.41
City of Dubuque	686	7	1.27	716	10	0.97
Holy Family Catholic Schools	575	8	1.06			
Prudential Retirement	550	9	1.01			
Eagle Window & Door	550	10	1.01	950	6	1.30
McCoy Group				1,200	4	
Heartland Financial				760	8	1.16
Flexsteel				750	9	1.15
	<u>10,915</u>			<u>10,928</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.

\*Information for 2003 thru 2005 not available.

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

	2003	2004	2005	2006
Public Safety				
Emergency Communications	10.00	10.00	10.00	11.00
Fire	90.00	90.00	90.00	90.00
Police	97.00	97.00	97.00	99.00
Building Services	7.00	7.00	7.00	7.00
Public Works				
Public Works	86.02	87.30	88.55	87.00
Engineering	24.00	24.00	24.00	25.00
Health & Social Services				
Health Services	5.00	5.00	5.00	5.00
Human Rights	2.00	2.00	2.00	3.00
Cultural and Recreation				
Civic Center	9.15	9.15	9.15	1.15
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
Community & Economic Development				
Community / Economic Dev	3.00	3.00	3.00	3.00
Housing Services	20.25	20.00	21.00	21.00
Planning Services	7.00	7.00	7.00	8.00
General Government				
Airport	14.00	13.00	13.00	13.00
Cable TV	2.00	2.00	2.00	2.00
City Clerk's Office	3.00	3.00	3.00	3.00
City Manager's Office	11.00	10.00	10.00	11.00
Finance	16.00	15.00	14.00	14.00
Legal	2.00	2.00	2.00	2.62
Information Services	6.00	6.00	6.00	6.00
Business Type				
Water	23.00	23.00	23.00	23.00
Water Pollution Control	18.00	18.00	18.00	18.00
Parking	11.50	10.50	10.50	8.00
Transit	8.00	7.00	7.00	8.55
Total	<u>523.77</u>	<u>519.80</u>	<u>521.05</u>	<u>518.17</u>

**Source:** City Budget Records

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

**TABLE 19**

Full-Time Equivalent as of June 30

2007	2008	2009	2010	2011	2012
11.00	11.00	13.00	13.00	13.00	13.00
90.00	90.00	90.00	90.00	90.00	90.00
100.00	101.00	108.67	110.84	113.34	114.25
7.00	7.00	8.00	8.00	9.00	9.00
87.00	87.00	88.00	87.42	87.42	87.42
25.00	25.00	26.00	26.00	27.00	27.00
5.00	4.00	4.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00	3.00	
0.15	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	22.51	22.50	23.50
7.93	7.93	7.93	8.43	8.93	9.93
3.00	3.00	3.00	3.00	3.00	3.00
20.25	18.00	22.00	22.00	22.25	23.00
8.00	8.00	8.00	8.00	8.00	8.00
13.23	12.00	12.00	12.00	12.00	12.00
2.00	2.00	2.00	2.00	2.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00
11.00	11.00	13.50	15.00	15.00	14.00
14.00	14.00	14.00	14.00	14.00	14.00
3.00	3.00	4.00	4.66	5.00	5.00
6.00	7.00	7.00	7.00	7.00	7.00
23.00	23.00	23.00	24.00	25.00	25.00
18.00	18.00	18.00	18.00	18.00	18.00
8.00	7.00	7.50	9.00	9.00	9.00
8.00	7.00	7.00	6.00	7.00	6.00
<u>516.48</u>	<u>512.00</u>	<u>532.67</u>	<u>539.01</u>	<u>546.59</u>	<u>545.25</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Public Safety				
Police				
Physical arrests	4,000	4,550	4,795	4,790
Traffic violations	2,126	2,427	2,171	2,111
Parking violations	51,162	49,985	51,004	46,575
Fire				
Number of calls answered	3,974	4,181	4,300	4,176
Inspections conducted	524	408	1,135	409
Sewer				
Sewage system				
Daily average treatment in gallons	8,000,000	8,000,000	8,500,000	8,500,000
Maximum daily capacity of treatment plant in gallons	15,000,000	15,000,000	13,500,000	13,500,000
Water systems				
Daily average consumption in gallons	8,000,000	8,000,000	7,720,000	8,057,000
Maximum daily capacity of plant in gallons	18,000,000	18,000,000	18,000,000	18,000,000
Refuse (Municipal Collection)				
Tonnage	10,435	10,330	10,428	10,573

Sources: Various City Departments.

**TABLE 20**

2007	2008	2009	2010	2011	2012
5,078	5,090	6,325	6,365	6,350	6,319
1,986	6,881	8,801	8,901	12,289	11,836
42,530	40,741	36,457	37,056	35,799	34,910
4,454	4,699	4,480	4,557	4,844	5,307
360	624	443	1,035	555	589
8,000,000	10,310,000	7,981,000	9,068,000	8,132,000	7,817,000
13,500,000	13,500,000	21,131,000	21,131,000	23,240,000	23,240,000
7,950,000	7,812,000	7,845,000	7,684,000	7,636,000	7,226,000
18,000,000	17,000,000	18,000,000	18,000,000	18,000,000	18,000,000
10,807	11,798	10,774	10,615	10,660	11,180

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

	Fiscal Year			
	2003	2004	2005	2006
Public safety				
Police				
Stations	1	1	1	1
Patrol units	18	18	19	19
Fire				
Stations	6	6	6	6
Aerial trucks	3	3	3	3
Public works				
Streets				
Miles (1)	273	290	290	295
Street lights (1)	1,500	1,591	1,631	1,755
Health and social services				
Hospital	2	2	2	2
Number of patient beds	584	560	421	421
Cultural and recreation				
Library	1	1	1	1
Golf	1	1	1	1
Parks	42	42	44	44
Acreage	850	850	855	845
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	19
Sewer				
Sewage system				
Miles of sanitary sewer (1)	*	*	*	263
Miles of storm sewers (1)	*	*	*	116
Number of treatment plants	1	1	1	1
Number of service connectors	20,800	21,000	21,000	21,443
Water systems				
Miles of water mains	305	310	312	313
Number of service connectors	21,032	21,206	21,016	21,257
Number of city owned fire hydra	2,713	2,736	2,770	2,780

**Sources:** Various City Departments.

(1) City GIS System.

\* Information not available.

**TABLE 21**

2007	2008	2009	2010	2011	2012
1	1	1	1	1	1
19	19	19	22	22	22
6	6	6	6	6	6
3	3	3	3	3	3
307	317	320	321	325	328
1,802	1,855	1,877	1,916	1,931	2,081
2	2	2	2	2	2
405	405	405	389	389	389
1	1	1	1	1	1
1	1	1	1	1	1
47	47	47	48	48	51
898	898	898	901	901	1,001
1	1	1	1	1	1
2	2	2	2	2	2
8	7	7	7	7	7
1	1	1	1	1	1
19	20	20	20	20	20
286	290	295	300	300	304
120	122	143	144	150	155
1	1	1	1	1	1
21,568	21,633	21,347	21,599	21,702	22,393
315	316	317	318	319	320
21,210	21,243	21,347	21,986	22,092	22,161
2,798	2,812	2,831	2,843	2,854	2,863



**Compliance Section**  
**June 30, 2012**  
**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 (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 18, 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 which was audited by other auditors, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to those financial statements.

**Internal Control Over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective 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 and another deficiency that we consider to be a significant deficiency.

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-12 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-12 to be a significant deficiency.

### **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 III 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, 2012, 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 findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses, and accordingly, we express no opinion on them.

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.



Dubuque, Iowa  
December 18, 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, 2012. 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, 2012.

## 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.

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.



Dubuque, Iowa  
December 18, 2012

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Commerce:			
Direct program:			
Investments for Public Works and Economic Development Facilities	11.300		\$ 140,442
U.S. Department of Housing and Urban Development:			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218		975,263
Community Development Block Grants/Entitlement Grants	14.218		650,637
			<u>1,625,900</u>
Pass-through program from:			
Iowa Department of Economic Development:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-212	8,096,436
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-NSP-019	57,690
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRIFWP-203	24,500
			<u>8,178,626</u>
Direct program:			
Shelter Plus Care	14.238		78,617
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257		146,587
Fair Housing Assistance Program - State and Local	14.401		13,700
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856		78,984
Section 8 Housing Choice Vouchers	14.871		3,064,992
Section 8 Housing Choice Vouchers	14.871		433,733
Section 8 Housing Choice Vouchers	14.871		63,478
			<u>3,562,203</u>

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development: (continued)			
Direct program: (continued)			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		\$ 820,589
Healthy Homes Production Grant Program	14.913		<u>272,282</u>
Total U.S. Department of Housing and Urban Development			<u>14,777,488</u>
U.S. Department of the Interior			
Pass-through program from:			
Iowa Department of Natural Resources: Sportfishing and Boating Safety Act	15.622	CRD825MKONRA110303	<u>2,291,737</u>
U.S. Department of Justice:			
Direct program:			
Violence Against Women Formula Grants	16.588		<u>1,190</u>
Bulletproof Vest Partnership Program	16.607		<u>3,495</u>
Bulletproof Vest Partnership Program	16.607		<u>3,340</u>
			<u>6,835</u>
Pass-through program from:			
Dubuque County, Iowa Sheriff:			
Public Safety Partnership and Community Policing Grants	16.710	09-HOTSPOTS	<u>1,247</u>
Helping Services of Northeast Iowa, Inc.:			
Enforcing Underage Drinking Laws Program	16.727	JJYD-FY11-01	2,700
Enforcing Underage Drinking Laws Program	16.727	JJYD-FY10-01	<u>1,400</u>
			<u>4,100</u>

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

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		\$ 18,804
Edward Byrne Memorial Justice Assistance Grant Program	16.738		17,879
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,025
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,807
			<u>41,515</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	<u>59,197</u>
Direct program:			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		<u>110,527</u>
Total JAG Program Cluster			<u>211,239</u>
Total U.S. Department of Justice			<u>224,611</u>
U.S. Department of Transportation:			
Direct program:			
Airport Improvement Program	20.106		2,501,564
Airport Improvement Program	20.106		436,594
Airport Improvement Program	20.106		387,677
Airport Improvement Program	20.106		191,251
Airport Improvement Program	20.106		80,998
Airport Improvement Program	20.106		15,741
Airport Improvement Program	20.106		9,563
Airport Improvement Program	20.106		6,477
Airport Improvement Program	20.106		331
			<u>3,630,196</u>

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation: (continued)			
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	ESL-2100-(646)-7S-31	\$ 2,146,916
Highway Planning and Construction	20.205	STP-U-2100(634)--70-31	1,041,854
Highway Planning and Construction	20.205	HDP-2100-(661)-71-31	943,516
Highway Planning and Construction	20.205	STP-A-061-8(128)-22-31	655,000
Highway Planning and Construction	20.205	HDP-2100-(655)-71-31	528,159
Highway Planning and Construction	20.205	STP-U-2100(662)--70-31	448,594
Highway Planning and Construction	20.205	STP-E-2100(619)--8I-31	141,859
Highway Planning and Construction	20.205	UYC-11-001	7,642
			<u>5,913,540</u>
Federal Transit Cluster:			
Direct program:			
Federal Transit - Capital Investment Grants	20.500		1,125,398
Federal Transit - Capital Investment Grants	20.500		237,500
Pass-through program from:			
Iowa Department of Transportation:			
Federal Transit - Capital Investment Grants	20.500	IA-04-0113	66,192
			<u>1,429,090</u>
Direct program:			
Federal Transit - Formula Grants	20.507		884,015
Federal Transit - Formula Grants	20.507		33,026
ARRA - Federal Transit - Formula Grants	20.507		414
Pass-through program from:			
Iowa Department of Transportation:			
Federal Transit - Formula Grants	20.507	IA-95-X003	247,359
			<u>1,164,814</u>
			<u>2,593,904</u>
Total Federal Transit Cluster			
Federal Services Programs Cluster:			
Pass-through program from:			
Iowa Department of Transportation:			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	IA-16-X002	34,109
New Freedom Program	20.521	IA-57-X009	58,876
Total Federal Services Programs Cluster			<u>92,985</u>

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

<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:			
Clean Fuels	20.519		\$ 1,451,800
State and Community Highway Safety	20.600		15,217
State and Community Highway Safety	20.600		1,925
			<u>17,142</u>
ARRA - Surface Transportation - Discretionary Grants for Capital Investment	20.932		<u>2,653,623</u>
Total U.S. Department of Transportation			<u>16,353,190</u>
Environmental Protection Agency:			
Direct program:			
Climate Showcase Communities Grant Program	66.041		<u>213,927</u>
Pass-through program from:			
Iowa Finance Authority:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-192427-01	4,269,281
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-1920513-01	412,739
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-192421-01	30,000
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>9,089,860</u>
Total Environmental Protection Agency			<u>9,303,787</u>
U.S. Department of Energy:			
Direct program:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		<u>112,574</u>

City of Dubuque  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity 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	5882BT31	\$ 3,313
Public Health Emergency Preparedness	93.069	5881BT31	149
			<u>3,462</u>
Iowa Department of Public Health:			
Environmental Public Health and Emergency Response	93.070	5882LP03	<u>5,709</u>
Total U.S. Department of Health and Human Services			<u>9,171</u>
Corporation for National and Community Service:			
Pass-through program from:			
Iowa Commission on Volunteers:			
AmeriCorps	94.006	11-AC-13	158,509
AmeriCorps	94.006	10-AC-13	65,404
AmeriCorps	94.006	10-AF-21	<u>11,735</u>
Total Corporation for National and Community Service			<u>235,648</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance	97.036	FEMA DR-4018-IA	<u>670,366</u>
Hazard Mitigation Grant	97.039	HMPG-DR-1930-31-01	<u>10,742</u>
Direct program:			
Assistance to Firefighters Grant	97.044		46,156
Assistance to Firefighters Grant	97.044		<u>32,393</u>
			<u>78,549</u>
Total U.S. Department of Homeland Security			<u>759,657</u>
Total			<u>\$ 44,208,305</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	\$ 77,206
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	\$ 146,587

**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 Yes

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major programs:

    Material weakness identified No

    Significant deficiency None reported

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) No

Identification of major programs:

CFDA Number

14.228

Name of Federal Program or Cluster

Community Development Block  
 Grants/State's Program and Non-Entitlement  
 Grants in Hawaii

14.257

ARRA – Homelessness Prevention and Rapid  
 Re-Housing Program

15.622

Sportfishing and Boating Safety Act

20.106

Airport Improvement Program

Federal Transit Cluster

    20.500

Federal Transit - Capital Investment Grants

    20.507

ARRA – Federal Transit - Formula Grants

20.519

Clean Fuels

20.932

ARRA – Surface Transportation - Discretionary  
 Grants for Capital Investment

66.458

ARRA – Capitalization Grants for Clean 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 \$1,326,249

Auditee qualified as low-risk auditee No

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

**MATERIAL WEAKNESS**

**II-A-12 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. In addition, a fund originally reported as a nonmajor fund was noted as meeting the major fund criteria and was reported as such in the financial statements.

**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. In addition, the implementation of a full-time grant coordinator would be beneficial.

**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. Staffing will be reviewed in future budgets.

**SIGNIFICANT DEFICIENCY**

**II-B-12 Journal Entry Documentation**

**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.

**Condition** – During the course of our engagement, we noted journal entries with inadequate supporting documentation. In one instance, two entries were posted to record the same activity with different dollar amounts. Both entries contained limited supporting documents. We also noted one journal entry with no Finance Department review noted.

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

**Cause** – There is currently no policy regarding the documentation to be included with journal entries.

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

**Recommendation** – We recommend that the Finance Department write and enforce a strict journal entry policy requiring adequate supporting documentation. The policy should contain requirements for correcting entry documentation to include the original posting and an explanation of the necessary change. It should also require detailed information for inter-department billings. In addition, journal entries recording transfers between funds should include documentation of the City Council’s approval. The journal entry process should also be reviewed to ensure all entries are reviewed by the Finance Department.

**Response** – The City will write a comprehensive policy that specifies the supporting documentation to accompany journal entry adjustments, and the necessary approvals required based on dollar amount and/or justification for the adjustment.

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

**III-A-12 Certified Budget** – Functional disbursements during the year ended June 30, 2012, did not exceed the amount budgeted.

**III-B-12 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.

**III-C-12 Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**III-D-12 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	\$ 37,800
Joleen Murphy, employee, spouse is owner of Murphy Construction Group	Construction	6,234
Anne Link, employee, spouse is owner of Link Hydraulic & Supply	Parts and supplies	4,490
Ric Jones, council member, owner of RJ Productions	Services	400
Molly Menster, employee, spouse is Tina Sio	Services	99

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

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with RJ Productions and Tina Sio do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. The transactions with GMS, Inc., Murphy Construction Group and Link Hydraulic & Supply may represent a conflict of interest.

**Recommendation** – We recommend the City review the transactions with GMS, Inc., Murphy Construction Group and Link Hydraulic & Supply with legal counsel.

**Response** – In March 2012, contracted golf pro was hired as a City employee eliminating a conflict with Iowa Code. The transactions with Murphy Construction Group and Link Hydraulic and Supply are being reviewed with legal counsel.

**III-E-12 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.

**III-F-12 Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

**III-G-12 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.

**III-H-12 Revenue Debt** – 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. Even when the water revenue capital loan notes are excluded, the City still did not meet the 125% requirement for fiscal year 2012.

The Sewage Disposal Works’ revenue capital loan notes include a requirement for the utility to produce net revenues of at least 110% of the current year debt service requirement. The Sewage Disposal Works did not meet this requirement in fiscal year 2012.

No instances of non-compliance with the provisions of the Stormwater Utility revenue debt resolutions were noted.

**Recommendation** – The City should review the bond covenant requirements and contact their bond consultants.

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

**Response** – During the year ended June 30, 2012, the City did not meet the revenue bond covenants for Water Revenue Bonds by \$423,890. Water Utility experienced higher than normal maintenance expenses due to flood damage and a change in accrued employee compensation. Rates for Fiscal Year 2013 were increased by 15%. An additional rate increase is planned for Fiscal Year 2014. Water consumption for the first 5 months of Fiscal Year 2013 is up approximately 5% over the same period in Fiscal Year 2012.

During the year ended June 30, 2012, the City was \$404,774 under this requirement. Sewer utility experienced higher than normal maintenance expenses due to flood damage and a change in accrued employee compensation. Rates for Fiscal Year 2013 were increased by 15%. An additional rate increase is planned for Fiscal Year 2014. Water consumption for the first 5 months of Fiscal Year 2013 is up about 5% over the same period in 2012, this has a direct correlation with revenue increase in sewer.

**II-I-12 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.

**III-J-12 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

December 18, 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, 2012. 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, 2012. 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. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. 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.

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 clearly 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:

General and Street Construction	
To reduce grant receivable and allocate remaining receivable to correct funds	\$ 556,147
Sewage Disposal Works	
To reduce operating revenue and construction in progress for insurance proceeds	1,376,514
To increase operating expenses and decrease transfers out for reimbursement type transfers to General Fund	641,798
To increase net assets invested in capital assets, net of related debt, and decrease unrestricted net assets for noncapital debt inadvertently included in the net assets invested in capital asset calculation	2,349,463
Water Utility	
To increase operating expenses and decrease transfers out for reimbursement type transfers to General Fund	605,433

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

#### Sales Tax Construction

To increase intergovernmental revenue and expenses for activity which the City  
inadvertently netted \$ 1,775,056

#### Governmental Activities

To increase net assets invested in capital assets, net of related debt, and decrease  
unrestricted net assets for noncapital debt inadvertently included in the net assets  
invested in capital asset calculation 4,500,000

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is 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 December 18, 2012.

### **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 or 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.

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

*Eide Bailly LLP*