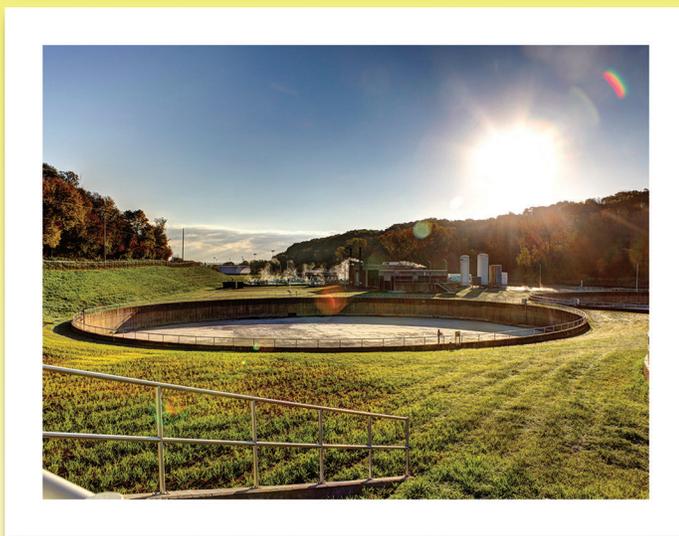
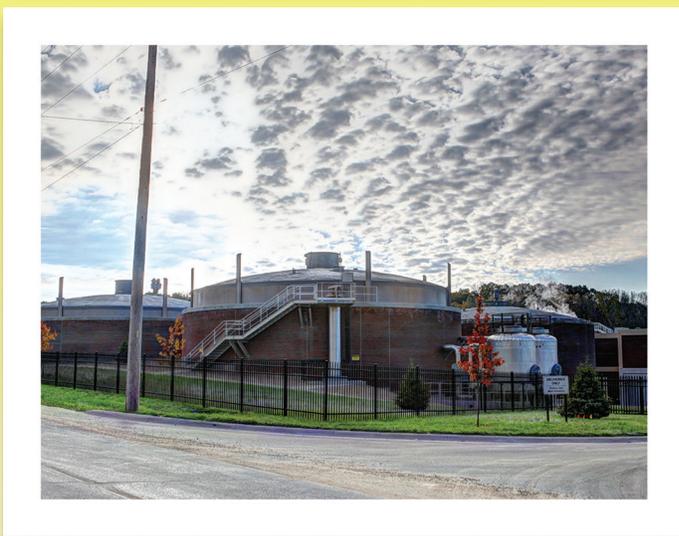
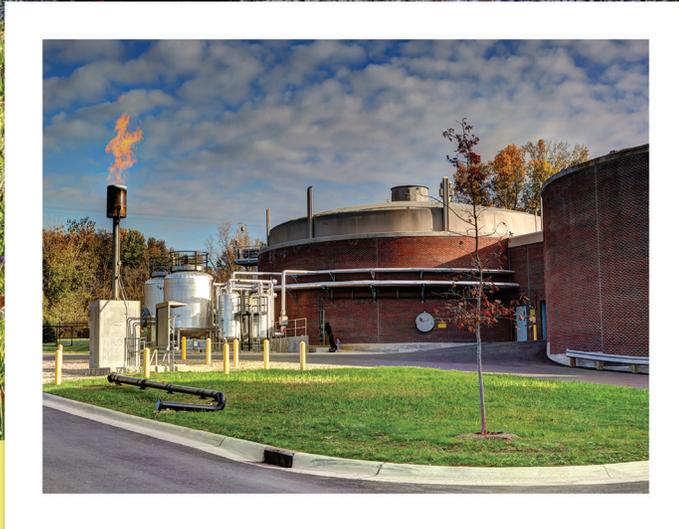
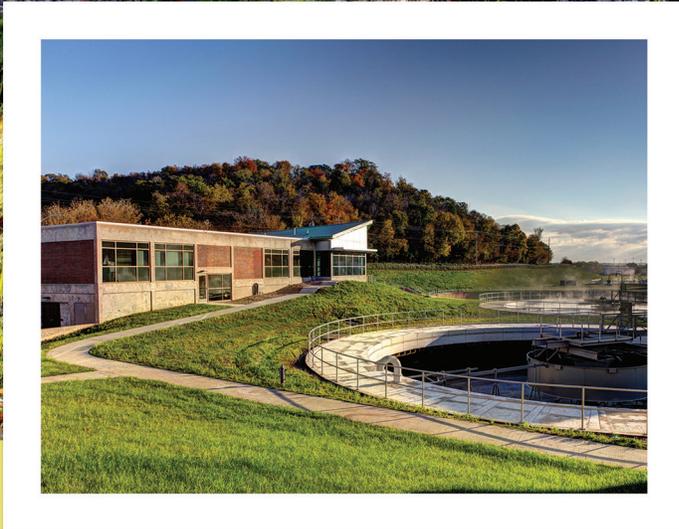


COMPREHENSIVE ANNUAL FINANCIAL REPORT



Fiscal Year Ended June 30, 2014

About the Cover:

The recently reconstructed Water & Resource Recovery Center is the largest single capital improvement project for the City of Dubuque at \$65,000,000. In addition to the W&RRC project a Co-Generation Combined Heat and Power (CHP) project was added for \$3,000,000. The Co-Gen project allows the methane generated in the new anaerobic digesters to be used to generate electricity from three 200kw microturbines. The electricity produced by the turbines will provide for 75-85% of the electrical needs of the W&RRC, saving the citizens of Dubuque over \$200,000 per year, while putting what was once a waste into productive use. The heat from the combustion of the methane is then also used to heat portions of the W&RRC and provide heat for the operation of the digesters. Along with the new digestion complex and microturbines all areas of the facility were reconstructed, repaired or replaced. This project will provide wastewater treatment capacity for both residential growth and industrial expansion for the City of Dubuque for many years to come.

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Jonathan Brown

Comprehensive Annual Financial Report
June 30, 2014
City of Dubuque, Iowa

Prepared by:
Department of Finance

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Introductory Section
June 30, 2014
City of Dubuque, Iowa

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CITY OF DUBUQUE, IOWA

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CITY OF DUBUQUE, IOWA

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December 18, 2014

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, 2014, 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 2014. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and grants, are included in the Compliance Section of this report. The independent auditors' report is included in the Financial Section of this report.

This report includes all funds of the City of Dubuque, as well as its component units. Component units are legally separate entities for which the City of Dubuque is financially accountable. The City provides a full range of services including police and fire protection, sanitation services, the construction and maintenance of roads, streets, and infrastructure, inspection and licensing functions, maintenance of grounds and buildings, municipal airport, library, recreational activities and cultural events. In addition to general government activities, the municipality owns and operates enterprises for a water system, water 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), Dubuque Initiatives and Subsidiaries, and the Dubuque Convention and Visitors Bureau (CVB) as discretely presented component units. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City of Dubuque and to differentiate its financial position and results of operations from those of the City. The City 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. In fiscal year 2014 The Dubuque Convention and Visitor Bureau (CVB), formerly part of the Dubuque Area Chamber of Commerce, was established as a separate non-profit corporation. Dubuque Convention and Visitors Bureau's purpose is to strengthen the Dubuque area economy by competitively marketing the area as a destination for conventions, tour groups, sporting events and individual travelers. The Organization's board members include one City Council member, the City of Dubuque Mayor and the City Manager. In the event of dissolution, any assets or property of the Organization shall be transferred to the City. The City collects hotel/motel taxes and forwards 50% to the CVB as the primary source of funds for its operations.

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

PROFILE OF THE CITY

The City of Dubuque 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. As of August 2014, the City unemployment rate was 4.4% and County rate was 4.2%, below the 4.6% state and 6.1% national unemployment rates.

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 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.

Several trade and business publications have recognized the City's efforts to diversify its economy. *Area Development* magazine named Dubuque one of the "Top 100 Leading Locations" for 2014, ranking it 21st in the U.S. Also in 2014, *Site Selection* magazine named Dubuque the "Top Metro in the U.S." among metros with populations of 50,000-200,000 for number of economic development projects. In August 2014, SmartAsset.com named Dubuque one of the "10 Best American Cities to Work in Technology." This ranking was based on pay for tech workers, percentage of tech workers in the workforce (representing high levels of opportunity in the field), and low cost of living indices. The Milken Institute named Dubuque 2013's 10th Best-Performing Small Metro in December 2013, saying Dubuque's secrets to its success are five-year high-tech GDP growth and improvements in one- and five-year job and wage growth. In August 2013, Dubuque was ranked 14th in the nation in Forbes' annual "Best Small Places for Business and Careers." According to Iowa Workforce Development, 10 percent of Iowa's non-farm employment growth over the last four years (2010-2013) occurred in Dubuque, which has just three percent of the state's population.

The City's continual development in its industrial parks has not only attracted new industries but, just as importantly, retained existing businesses.

Dubuque Industrial Center West (DICW)

Over 550 saleable acres were acquired in 1997. Since then 21 local business expansions and 4 new industries have located in the park. In 2014, Theisen's distribution center completed an 80,000 square foot expansion and the Tri-State Quality Metal 45,000 square foot plant is under construction.

The Dubuque Technology Park

Located on the south side of the City is a 100-acre park designed to accommodate growing office businesses. Eight businesses have located in the park. In 2014, Rockfarm Holdings began constructing their new headquarters. The office building is 14,000 square feet. Kunkel and Associates is pursuing incentives that would facilitate a \$2.5 million, 20,000 square foot expansion to its Dubuque facilities in spring 2015. The expansion would add 16 new jobs.

Over \$100 million has been spent in the downtown area, where more than 9,000 people work. Thirteen hundred IBM employees work on five renovated floors of the nine-story Roshek Building and Heartland Financial relocated existing staff to the third floor of the building.

The Schmid Innovation Center, 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. Nonprofits have moved into the basement space. Several commercial tenants occupy the first floor. A food co-op, located on the first floor, opened in the spring 2014. The first floor will be fully-occupied by early 2015. Renovation of 76 residential units in the Novelty Iron Works building is underway.

Commercial development continues with the October 2014 opening of a new 114,000 square foot Blain's Farm & Fleet retail store. Spahn and Rose Lumber has begun construction of a new warehouse and showroom that together total 93,000 square feet. New retail stores that have opened or are under construction include Kwik Star, Fazoli's, McGrath Automotive Group, Cato Fashions and Mens Warehouse.

UnityPoint Health Finley Hospital has begun a \$42 million three-story 70,000 square foot addition that will house the Finley Heart and Vascular Center, and new emergency and surgery departments. The new facility will be built on the west side of the current hospital structure facing Grandview Avenue. The expected date of completion for the new facility is December 2015

The University of Dubuque began construction on a new intramural/practice facility and its new four-story Chlapaty Residence Hall opened in the fall of 2014. Loras College enters into Phase II of the \$4 million Loras Parkway. This phase will expand into fall 2015 and includes a new Welcome Center featuring Einstein Bros. ® Bagels at the corner of Loras Boulevard. Breaking ground in the spring, the \$825,000, approximately 4,000 square-foot facility will provide a space where Dubuque community members can converge, while enjoying food and friendship. The Loras Parkway project began in 2010 when Loras College purchased a section of Cox Street from the City of Dubuque. Since then, Loras Parkway has transformed into a pedestrian walkway and common area where students, faculty and the Dubuque community can converge. Once completed, Loras Parkway will bridge upper and lower campus by providing a scenic welcome plaza, retail building, water feature and a Veteran's memorial commemorating Loras College veterans.

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

- The U.S. Environmental Protection Agency (EPA) awarded Dubuque its 2013 Smart Growth Achievement Award for Corridor or Neighborhood Revitalization for work done in Dubuque's Historic Millwork District and Washington Neighborhoods. (February 2014)
- *Kiplinger's Personal Finance* named Dubuque one of "10 Great Places to Live" for 2013. (July 2013)
- Dubuque was ranked 14th in the nation in *Forbes'* annual "**Best Small Places**" (August 2013)
- *Forbes* placed Dubuque 50th of 179 small cities for the Cost of Doing Business (August 2013)
- 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 **2013 All-America City** by the National Civic League for a community initiative to improve grade-level reading. This is the third time Dubuque has received this recognition. (July 2013)
- 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)
- 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)

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 construction in Fall 2012 of the New Airline Passenger Terminal Facility and the Aircraft Parking Apron, while continuing the effort to meet current and forecasted passenger demand for Dubuque and the surrounding communities. This project element is scheduled to be completed in 2014. The final remaining phase of construction is the entryway, circulation road, and parking lot. The Federal Aviation Administration is programming funds in 2015 and 2016 for this project element.

At the request of FAA, the various design phases associated with the development of the new Passenger Terminal Facility (site work and building-related) that were programmed throughout the project have been moving forward. It is expected that approximately 84 percent 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 utilized for this project

The Dubuque Regional Airport received its 24th consecutive year of perfect compliance with Federal Aviation Regulation (FAR) Part 139. FAR Part 139 governs safety standards for airfield operations and airfield maintenance at airports served by commercial airlines. The Dubuque airport meets or exceeds all federally mandated standards, rules, and policies which promote safety at all commercial airports. No other airport in the country has a perfect FAR Part 139 safety compliance for a consecutive 24-year period.

The City continues to implement components of the Drainage Basin Master Plan adopted in 2001 and amended in 2013. Improvements in the North Fork Catfish Creek Drainage Basin have been addressed with expanded detention along the Northwest Arterial and conveyance improvements along the North Fork Catfish Creek between the Northwest Arterial and Pennsylvania Avenue. And the City continues to implement the various phases of the Bee Branch Watershed Flood Mitigation Project to address flooding in the Bee Branch Drainage Basin.

The Bee Branch Watershed Flood Mitigation Project is a multi-phased investment to mitigate flooding, improve water quality, stimulate investment, and enhance quality of life within the Bee Branch Watershed.

As part of the project, the City will convert all 240 alleys in the Bee Branch Watershed to “green alleys” which features permeable concrete pavers. These specially designed pavers allow water to pass through the surface and filter into the soil below. The green alleys are expected to reduce the amount of storm water run-off in the watershed by up to 80 percent and prevent flooding. In addition to reducing storm water run-off, the green alleys will replenish ground water and help prevent pollutants on roadways from running off into the storm sewer system, and ultimately, the Mississippi River. Twenty-four alleys are expected to be completed in 2014, with 50 planned for 2015.

The \$70 million renovation of the Water and Resource Recovery Center (W&RRC) was completed in 2013. The facility is currently operating at 65 percent capacity. It features methane production/capture and co-generation to produce electricity and create heat for the operation of the facilities. The W&RRC is expected to be electrically self-sufficient within a few years and will save \$250,000 in annual energy expenses. It now better serves local industries by accepting high-strength waste. The project is more environmentally friendly than the former waste incineration. The projects are funded by state revolving loan funds repaid with sanitary sewer user fees.

The City of Dubuque's Transit Division's \$12 million Intermodal Transportation Facility is being constructed to provide vital transportation connections required for the success of existing investments and will be instrumental in leveraging additional investments required to achieve the long-term goals for downtown Dubuque. The centralized transportation hub will connect automobile, bus, and pedestrian traffic, while increasing demand for alternative transportation modes. The County and School District will benefit from the center, as it provides various transportation options for Millwork District and Washington Neighborhood residents, as well as visitors and downtown employees, spurring economic development in the District. Part of the project will be funded with an \$8 million grant from the U.S. Federal Transit Administration. A \$4.2 million renovation of the former public works building will house the bus maintenance center. The projects are scheduled for completion in 2015.

Transit ridership is up 28% in the last five years. Route restructuring in January 2014, including crosstown Express service, new service areas, and extended service hours, has led to continuing ridership

growth for Dubuque's transit system. October 2014 marked a record month for transit ridership in Dubuque at 51,542 rides, a 16.5 percent increase from rides provided in October 2013. Rides in fiscal year 2014 total 478,370.

In 2013, the City of Dubuque and the Dubuque Metropolitan Area Transportation Study (DMATS) successfully negotiated the transfer of the Southwest Arterial project to the Iowa Department of Transportation (IDOT). The IDOT, DMATS, Dubuque County, and the City of Dubuque have budgeted over \$100 million to build the Southwest Arterial over the next five years.

Following the completion of the Southwest Arterial in 2019, the project has the potential to generate \$80 million in property taxes, \$1.67 billion in economic output, \$653 million in labor income, and \$1.02 billion in value added from 2021 to 2030. The Southwest Arterial will also annually generate \$135 million in state and local taxes and \$130 million in federal tax from new economic development, as well as save \$30 million for the 10-year period. This project will also generate \$16 million in property tax, \$304 million in economic output, \$24 million in state and local taxes, and \$24 million in federal taxes due to economic development, in addition to \$3 million in safety savings from 2030 onwards. Side benefits include removing over 500 trucks a day from downtown streets and encouraging redevelopment on Central Avenue and White Street. Almost 1,000 trucks per day will be removed from Highway 20/Dodge Street. Additional traffic will be removed from Kelly Lane, Fremont Avenue, Cedar Cross Road, Rockdale Road, and other residential streets.

For the Future. The Mayor and City Council will continue to take action to achieve their goals of maintaining a strong local economy, sustaining stable property tax levies, and enhancing the safety and security of 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/Ecological 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, 2014, 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 \$530,990 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 \$436,971 deficit as of June 30, 2014. A 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 \$1,250,733 as of June 30, 2014. 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 Aa2 rate on the Series 2014 A, B, and C, which reflects the City's sizable tax base and role as a regional economic center in northeastern Iowa; a trend of strong employment growth which is projected to continue; recent declines in fund balance and cash reserves which are expected to stabilize at healthy levels going forward; high debt burden with additional borrowing planned; and moderate exposure to unfunded pension liabilities. The City's revenue bonds are rated Aa3.

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

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dubuque, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the 26th 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, 2015. 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 9th consecutive year that the City has achieved this prestigious award. This award is valid for a period of one year.

The City of Dubuque's investment policy was awarded the Certification of Excellence in July 2009 by the Association of Public Treasurers of the United States and Canada. The investment policy is reviewed every five years by the APT US&C. The City plans to resubmit the investment policy for review in 2015.

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,

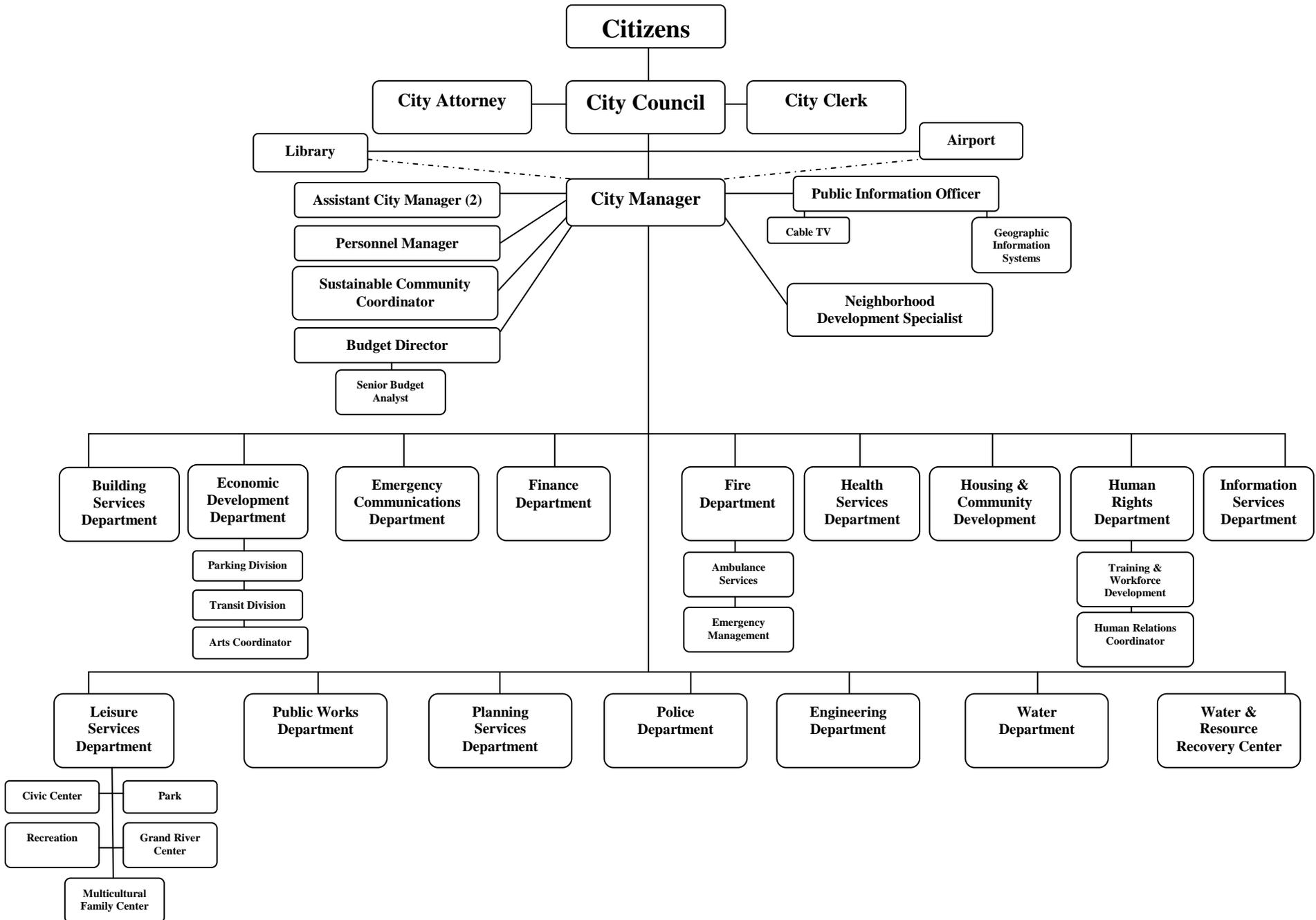


Michael C. Van Milligen
City Manager



Kenneth J. TeKippe, CPA
Finance Director

CITY OF DUBUQUE ORGANIZATIONAL CHART



CITY OF DUBUQUE, IOWA
OFFICIALS
JUNE 30, 2014

CITY COUNCIL

Roy D. Buol	Mayor
Ric W. Jones	Council Member – At Large
David T. Resnick	Council Member – At Large
Kevin J. Lynch	Council Member – 1st Ward
Karla A. Braig	Council Member – 2nd Ward
Joyce E. Connors	Council Member – 3rd Ward
Lynn V. Sutton	Council Member – 4th Ward

COUNCIL APPOINTED OFFICIALS

Michael C. Van Milligen	City Manager
Barry A. Lindahl	City Attorney
Crenna M. Brumwell-Sahm	Assistant City Attorney
Maureen A. Quann	Assistant City Attorney
Kevin S. Fimstahl	City Clerk

DEPARTMENT MANAGERS

Robert A. Grierson	Airport Manager
Therese H. Goodmann	Assistant City Manager
Cynthia M. Steinhauser	Assistant City Manager
Jenny M. Larson	Budget Director
Richard R. Russell	Building Services Manager
Gus N. Psihoyos	City Engineer
Maurice S. Jones	Economic Development Director
Kenneth J. TeKippe	Finance Director
E. Daniel Brown	Fire Chief
Mary Rose Corrigan	Health Services Manager
Alvin L. Nash	Housing and Community Development Manager
Kelly R. Larson	Human Rights Director
Randall K. Peck	Personnel Manager
Christine A. Kohlmann	Information Services Manager
Marie L. Ware	Leisure Services Manager
Susan A. Henricks	Library Director
Donald J. Vogt	Public Works Director
Laura B. Carstens	Planning Services Manager
Mark M. Dalsing	Police Chief
Mary L. Knopick	Senior Budget Analyst
Robert M. Green	Water Department Manager
Jonathan R. Brown	Water & Resource Recovery Center Manager



Government Finance Officers Association

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Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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Financial Section
June 30, 2014
City of Dubuque, Iowa

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Dubuque Initiatives and Subsidiaries, which represent 78 percent, 72 percent, and 47 percent of the assets, net position, 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 from material misstatement. The financial statements of Dubuque Initiatives and Subsidiaries and Dubuque Convention and Visitors Bureau, discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the year ended June 30, 2014, the City adopted GASB 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this statement resulted in the reclassification of items previously reported in liabilities as deferred revenues. These items are now reported in deferred inflows of resources as unavailable revenues. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2014, on our consideration of the City of Dubuque, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dubuque, Iowa
December 18, 2014

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CITY OF DUBUQUE, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2014

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, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements found in the next section of this report.

FINANCIAL HIGHLIGHTS

- The net position of the City of Dubuque remained constant at \$501,647,517 compared to net position of \$501,045,202 for fiscal year 2013.
- Governmental program revenues increased by 2,134,525 over fiscal year 2013 due to a \$635,000 increase in property taxes, \$811,000 increase from renegotiated riverfront property leases and \$111,000 in increased revenue from fuel sales at the Port of Dubuque Marina and sales to Dubuque County. Increase in fuel related directly to increased cost of purchased fuel prices.
- The City's business type activities program revenues increased \$2,601,819. Charges for services increased \$1,468,947. Water (9%), Sewer (17%) , and Refuse (9%) rates were increased in fiscal year 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This discussion and analysis is intended to serve as an introduction to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The paragraphs below provide a brief description of the government-wide financial statements.

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

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

CITY OF DUBUQUE, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2014

The government-wide financial statements include not only the City itself (known as the primary government), but also three other legally separate entities (known as component units), the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), Dubuque Initiatives (DI) and Subsidiaries, and the Dubuque Convention and Visitors Bureau (CVB) for which the City of Dubuque is considered financially accountable. Financial information for DMASWA, DI, and CVB are reported separately from the financial information presented for the primary government. The Dubuque Metropolitan Area Solid Waste Agency, Dubuque Initiatives and Subsidiaries, and Dubuque Convention and Visitors Bureau issue separate financial statements. Dubuque Initiatives and Subsidiaries' financial statements are prepared on a calendar year basis while the Dubuque Metropolitan Area Solid Waste Agency's and Dubuque Convention and Visitors Bureau 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, 2014**

The City maintains three individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, tax increment financing fund and 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, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The largest part of the City's net position (98%) reflects its net investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that 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 POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 92,022,599	\$ 101,483,710	\$ 23,995,010	\$ 24,942,169	\$ 116,017,609	\$ 126,425,879
Capital assets	389,254,518	379,827,336	254,101,852	244,959,531	643,356,370	624,786,867
Total assets	<u>481,277,117</u>	<u>481,311,046</u>	<u>278,096,862</u>	<u>269,901,700</u>	<u>759,373,979</u>	<u>751,212,746</u>
Long-term liabilities	84,934,637	89,354,696	126,080,517	113,695,550	211,015,154	203,050,246
Other liabilities	13,434,655	16,361,388	8,451,638	12,336,909	21,886,293	28,698,297
Total liabilities	<u>98,369,292</u>	<u>105,716,084</u>	<u>134,532,155</u>	<u>126,032,459</u>	<u>232,901,447</u>	<u>231,748,543</u>
Deferred Inflows of Resources	24,825,015	18,419,001	-	-	24,825,015	18,419,001
Net Position:						
Net Investment in capital assets	354,732,451	342,046,442	138,842,390	138,498,777	493,574,841	480,545,219
Restricted	21,501,638	23,491,207	5,315,519	6,011,848	26,817,157	29,503,055
Unrestricted	(18,151,279)	(8,361,688)	(593,202)	(641,384)	(18,744,481)	(9,003,072)
Total net position	<u>\$ 358,082,810</u>	<u>\$ 357,175,961</u>	<u>\$ 143,564,707</u>	<u>\$ 143,869,241</u>	<u>\$ 501,647,517</u>	<u>\$ 501,045,202</u>

Net position of the governmental activities increased from fiscal year 2013 by \$906,849. Grants and contributions increased \$160,295 from fiscal year 2013. FAA grant reimbursement for expenses of the new airport terminal totals nearly \$8 million, which was an increase of \$3 million over last year. HUD payments increased \$1 million over last year, while other federal grants decreased from fiscal year 2013 as reimbursable expenses also decreased. Charges for services also increased \$1,974,230 primarily due to renegotiated lease agreements for riverfront properties.

Net position for the business-type activities decreased \$304,534 over fiscal year 2013. Grants and contributions increased \$1,132,872 due to rebates received for the WRRRC. However expenses increased by \$4,687,745. Severe cold weather caused an unusually high number of water main breaks. Charges for services increased due to rate increases of 9% on water utilities, 17% on sanitary sewer utilities and a 9% increase in refuse fees. Depreciation expense for sanitary sewer increased \$1.77 million as the new \$70 million treatment facility went in service in fiscal year 2014.

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

A portion of the City's net position (2%) represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal year 2014 the City has negative total unrestricted net position. The government-wide negative unrestricted results from the TIF (governmental activities) debt being used to finance capital assets of the business-type activities. The City has recorded a \$2.7 million payable for settlement of the Zaber lawsuit involving over charging of franchise fees. The settlement is expected in fiscal year 2015. Business-type activities negative unrestricted results from storm water capital projects completed in fiscal year 2014 of which \$4.8 million were covered under the State Revolving Loan fund proceeds received in fiscal year 2015 and additional borrowings in 2015.

Governmental activities. Taxes are the largest source of governmental revenues with property taxes of \$33,264,283 in 2014 . Other governmental revenues included gaming of \$7,878,008, local option sales taxes of \$8,211,366 and \$14,696,269 of charges for services. Gaming revenues declined in fiscal year 2014 due to severe cold weather negatively affecting attendance and increased competition from neighboring Illinois that now allows video gambling in bars.

Governmental operating expenses during 2014 totaled \$91,523,462. The largest programs were public safety of \$27,578,517 public works of \$21,306,882, community and economic development of \$14,591,257, and culture and recreation of \$13,696,331.

Business-type activities. Business-type activities decreased net position by \$304,534 in fiscal year 2014 compared to the fiscal year 2013 increase of \$8,109. The decrease is due to a decrease in grant expense recovery, increased depreciation expenses, and an increase in expenses as a result of a severely cold winter.

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$ 14,696,269	\$ 12,722,039	\$ 27,441,544	\$ 25,972,597	\$ 42,137,813	\$ 38,694,636
Operating grants and contributions	12,784,907	13,995,316	1,717,208	2,264,695	14,502,115	16,260,011
Capital grants and contributions	12,162,649	10,791,945	2,920,942	1,240,583	15,083,591	12,032,528
General revenues						
Property taxes	33,264,283	32,668,554	-	-	33,264,283	32,668,554
Local option sales tax	8,211,366	8,764,787	-	-	8,211,366	8,764,787
Hotel/motel tax	2,006,514	1,953,763	-	-	2,006,514	1,953,763
Utility franchise fees	2,609,421	2,568,347	-	-	2,609,421	2,568,347
Gaming	7,878,008	8,452,298	-	-	7,878,008	8,452,298
Unrestricted investment earnings	777,958	201,153	135,461	65,351	913,419	266,504
Gain on sale of capital assets	483,782	907,122	180,229	384,697	664,011	1,291,819
Total revenues	94,875,157	93,025,324	32,395,384	29,927,923	127,270,541	122,953,247
Expenses:						
Public safety	27,578,517	28,292,481	-	-	27,578,517	28,292,481
Public works	21,306,882	21,607,536	-	-	21,306,882	21,607,536
Health and social services	1,055,398	716,970	-	-	1,055,398	716,970
Culture and recreation	13,696,331	13,647,178	-	-	13,696,331	13,647,178
Community and economic development	14,591,257	17,388,720	-	-	14,591,257	17,388,720
General government	9,610,084	6,248,483	-	-	9,610,084	6,248,483
Interest on long-term debt	3,684,993	4,049,640	-	-	3,684,993	4,049,640
Sewage disposal works	-	-	11,481,103	9,375,748	11,481,103	9,375,748
Water utility	-	-	8,812,340	6,817,772	8,812,340	6,817,772
Stormwater utility	-	-	3,431,096	3,347,304	3,431,096	3,347,304
Parking facilities	-	-	3,732,492	3,586,405	3,732,492	3,586,405
America's River Project	-	-	33,579	22,770	33,579	22,770
Refuse collection	-	-	3,750,366	3,468,859	3,750,366	3,468,859
Transit system	-	-	3,847,320	3,492,095	3,847,320	3,492,095
Salt	-	-	56,468	346,066	56,468	346,066
Total expenses	91,523,462	91,951,008	35,144,764	30,457,019	126,668,226	122,408,027
Increase (decrease) in net position before extraordinary item and transfers	3,351,695	1,074,316	(2,749,380)	(529,096)	602,315	545,220
Extraordinary item	-	-	-	(555,031)	-	(555,031)
Transfers	(2,444,846)	(1,092,236)	2,444,846	1,092,236	-	-
Increase (decrease) in net position	906,849	(17,920)	(304,534)	8,109	602,315	(9,811)
Net position, beginning	357,175,961	357,193,881	143,869,241	143,861,132	501,045,202	501,055,013
Net position, ending	\$ 358,082,810	\$ 357,175,961	\$ 143,564,707	\$ 143,869,241	\$ 501,647,517	\$ 501,045,202

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

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

The City's governmental funds reported a combined fund balance of \$58,619,921 at June 30, 2014. \$15,120,431 is in nonspendable for inventory, advances to other funds, receivables, and prepaid items. \$69,412 is nonspendable endowment corpus. \$23,620,615 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 \$10,548,592 for capital improvements. \$1,904,805 is assigned for capital improvements and equipment. This leaves \$7,356,066 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 decreased by \$3,076,955 to \$15,809,934. The City had a planned spend down of cash balance for capital projects in fiscal year 2014. Year to date receipts for gaming and property leases were less than projected. Gaming revenues declined 10% in fiscal year 2014. The gaming market was adversely impacted by the unseasonably cold weather and a delayed impact of the recession to the gaming market. In addition, the State of Illinois passed a Video Gaming Act on July 13, 2009 which legalized the use of video gaming terminals in liquor licensed establishments including bars, restaurants, truck stops and certain fraternal and veterans' organizations. In Jo Daviess County, the first year of operating of video gaming terminals generated \$1 million in revenue. The use of video gaming terminals has now grown to \$9 million in Jo Daviess County which has caused a reduction to the gaming market in Dubuque.

In Fiscal Year 2014, the Dubuque Racing Association purchased the adjacent Hilton Gardens Hotel which will positively impact future gaming revenues. In addition, the net income of the Dubuque Racing Association will increase due to the end of subsidizing greyhound racing in October 2014.

The City also had unplanned legal fees related to the Utility Franchise Fee lawsuit. These fees will be recovered in 2015 when the settlement is finalized and the judgment bond is issued.

The fund balance of special revenue fund Tax Increment Financing decreased by \$384,654 to \$4,081,662. TIF fund balance decreased \$385,000 due to increased debt service related to capital projects. There has also been a decline in TIF revenue due to the school instructional support levy no longer being eligible.

The fund balance of the capital projects fund General Construction decreased by \$4,693,714 to \$13,532,125. Revenue for capital projects are not always received in the same fiscal year as project expenses occur.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

The combined net position of the enterprise funds at June 30, 2014, totaled \$143,564,707 of which (\$593,202) is unrestricted. The net position of the internal service funds increased by \$948,043 to \$737,223, due to increased department contribution to the Health Insurance Reserve Fund and a decrease in actual expenses over fiscal year 2013. The unrestricted net position of the internal service funds is \$686,523.

The Sewer Fund had a decrease of \$24,094 for total net position of \$37,658,534 at June 30, 2014 primarily due to increase in depreciation due to the Water and Resource Recovery Center (W&RRC).

The Water Utility had a decrease in net position of \$1,444,780 for total net position of \$23,297,274, primarily due to an increase in expenses related to repairs of water mains due to severely cold weather.

The Storm Water Utility had a 1.7% increase in net position of \$562,703. Operating revenues receipted were 2% higher than anticipated. Ending net position is \$31,601,057.

The Parking Facilities held steady with a decrease in net position of \$8,921. Ending net position is \$38,127,678.

Other Enterprise Funds net position increased by \$610,558 for an ending balance of \$12,880,164. This was primarily due to an increase of transfers in to the Salt Fund for reimbursement of prior year expenses.

Health Insurance Reserve increased in fiscal year 2014 by \$630,874. The City portion of health insurance expense increased from \$1,015 per month per contract to \$1,190 per month per contract (based on 553 contracts) which is a 17.24% increase in revenue to the health insurance reserve.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2013-2014 cash basis budget. The first amendment was passed in September 2013 to reflect operating and capital budget carryovers (continuing appropriation authority) from 2013 and amended the FY 2014 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in April 2014 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 \$63,460,463. 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 \$115,979,731 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 \$31,874,733 less than the final amended budget, and cash basis expenditures were \$96,409,546 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, 2014**

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, 2014, amounts to \$643,356,370 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. Additional information on the City's assets can be found in note 6 to the financial statements in this report.

CAPITAL ASSETS (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 67,080,527	\$ 65,196,318	\$ 18,722,641	\$ 17,728,352	\$ 85,803,168	\$ 82,924,670
Buildings	127,599,341	126,173,378	136,007,378	133,810,040	263,606,719	259,983,418
Improvements other than buildings	22,219,094	22,100,379	94,055,495	91,529,793	116,274,589	113,630,172
Machinery and equipment	39,518,216	38,179,274	95,332,143	90,018,972	134,850,359	128,198,246
Infrastructure	215,931,579	213,219,583	-	-	215,931,579	213,219,583
Construction in progress	44,054,916	33,798,734	6,978,822	2,250,248	51,033,738	36,048,982
Accumulated depreciation	(127,149,155)	(118,840,330)	(96,994,627)	(90,377,874)	(224,143,782)	(209,218,204)
	<u>\$ 389,254,518</u>	<u>\$ 379,827,336</u>	<u>\$ 254,101,852</u>	<u>\$ 244,959,531</u>	<u>\$ 643,356,370</u>	<u>\$ 624,786,867</u>

Major expenditures during 2013-2014 were for the construction work on the Water and Resource Recovery Center Cogeneration Upgrade, Bee Branch storm water projects, Millwork District projects, and Intermodal projects.

Long-term debt. At year end, the City had \$210,798,058 of debt outstanding. In fiscal year 2014 the City issued Sales Tax Incremental Revenue bonds (series 2014A) for flood mitigation projects in the Bee Branch area. This loan is part of the \$98.7 million state grant award to the City that will be paid over the next twenty years for flood mitigation projects. The grant is computed based on the incremental increase in sales tax receipts collected by the state. The debt service payment for flood mitigation projects approved under this grant are reimbursed through this grant. In case the sales tax incremental receipts are not sufficient to cover the debt service a second lien is filed against property tax support.

The City received \$10,318,778 in distributions from the State Revolving Fund for construction expenses for the new Water and Resource Recovery Center.

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 \$183,621,403. With \$149,922,546 of debt applicable against the capacity, we are utilizing 81.7% of this limit. Additional information on the City's long-term debt can be found in note 7 of this report.

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

ECONOMIC FACTORS

The City's unemployment rate ended the fiscal year at 3.7%, a 1.5% decrease from the prior year, and lower than both the State of Iowa's 4.6% rate and 6.1% national rate.

The assessed valuation of taxable property, net of exemptions, increased by 2.6% to \$2,398,151,000. In fiscal year 2014, the minimum monthly refuse rate increased by \$1.05 to \$12.74, sewer rates increased 17%, water rates increased 9%, and the storm water monthly fee remained the same at \$5.60 per single family unit (SFU).

Requests for information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 50 West 13th Street, Dubuque, Iowa 52001-4864.

Basic Financial Statements
June 30, 2014
City of Dubuque, Iowa

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries	Dubuque Convention and Visitors Bureau
ASSETS						
CURRENT ASSETS						
Cash and pooled cash investments	\$ 36,643,683	\$ 7,141,850	\$ 43,785,533	\$ 1,528,040	\$ 1,444,195	\$ -
Receivables						
Property tax						
Delinquent	268,355	-	268,355	-	-	-
Succeeding year	24,825,015	-	24,825,015	-	-	-
Accounts and other	1,648,356	2,672,376	4,320,732	309,328	144,435	36,028
Special assessments	955,503	-	955,503	-	-	-
Accrued interest	154,046	30,760	184,806	5,864	49,330	-
Notes	587,068	-	587,068	-	38,024	-
Intergovernmental	4,534,227	1,068,431	5,602,658	57,012	-	-
Internal balances	4,890,536	(4,890,536)	-	-	-	-
Inventories	389,573	754,800	1,144,373	-	530,251	13,843
Prepaid items	317,086	12,526	329,612	24,648	622,682	-
Restricted cash	-	-	-	-	262,269	-
Total Current Assets	<u>75,213,448</u>	<u>6,790,207</u>	<u>82,003,655</u>	<u>1,924,892</u>	<u>3,091,186</u>	<u>49,871</u>
NONCURRENT ASSETS						
Temporarily restricted cash and investments	2,763,895	17,204,803	19,968,698	4,490,940	1,339,034	-
Permanently restricted cash and investments	69,412	-	69,412	-	-	-
Notes receivable	13,975,844	-	13,975,844	-	10,563,598	-
Capital assets						
Land	67,080,527	18,722,641	85,803,168	2,952,666	131,983	-
Buildings	127,599,341	136,007,378	263,606,719	88,495	44,536,354	-
Improvements other than buildings	22,219,094	94,055,495	116,274,589	10,306,408	32,816	-
Machinery and equipment	39,518,216	95,332,143	134,850,359	3,737,130	-	280,119
Infrastructure	215,931,579	-	215,931,579	-	-	-
Construction in progress	44,054,916	6,978,822	51,033,738	-	-	-
Accumulated depreciation	(127,149,155)	(96,994,627)	(224,143,782)	(8,739,795)	(4,712,164)	-
Total Noncurrent Assets	<u>406,063,669</u>	<u>271,306,655</u>	<u>677,370,324</u>	<u>12,835,844</u>	<u>51,891,621</u>	<u>280,119</u>
Total Assets	<u>481,277,117</u>	<u>278,096,862</u>	<u>759,373,979</u>	<u>14,760,736</u>	<u>54,982,807</u>	<u>329,990</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION (continued)
JUNE 30, 2014

EXHIBIT 1

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries	Dubuque Convention and Visitors Bureau
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 7,247,731	\$ 2,343,846	\$ 9,591,577	\$ 170,860	\$ 641,994	\$ 81,892
Accrued payroll	415,457	147,834	563,291	18,103	-	-
Loans payable	97,143	24,208	121,351	-	-	49,472
Notes payable	218,427	3,126,735	3,345,162	-	756,636	-
General obligation bonds payable	4,354,450	2,205,549	6,559,999	-	-	-
Revenue bonds payable	-	275,000	275,000	-	-	-
Tax increment financing bonds payable	399,361	-	399,361	-	-	-
Accrued compensated absences	272,783	28,608	301,391	14,422	-	-
Accrued interest payable	286,365	299,858	586,223	-	52,990	-
Intergovernmental payable	40,608	-	40,608	57,106	-	-
Unearned revenue	102,330	-	102,330	-	-	-
Total Current Liabilities	13,434,655	8,451,638	21,886,293	260,491	1,451,620	131,364
NONCURRENT LIABILITIES						
Loans payable	5,444,285	262,055	5,706,340	-	-	159,499
Notes payable	811,609	79,798,214	80,609,823	-	27,346,883	-
General obligation bonds payable	48,214,198	30,533,313	78,747,511	-	-	-
Revenue bonds payable	-	13,876,437	13,876,437	-	-	-
Landfill closure and postclosure care	-	-	-	3,926,497	-	-
Tax increment financing bonds payable	21,157,074	-	21,157,074	-	-	-
Accrued compensated absences	6,256,962	968,079	7,225,041	300,004	-	-
Net OPEB Liability	3,050,509	642,419	3,692,928	67,688	-	-
Total Noncurrent Liabilities	84,934,637	126,080,517	211,015,154	4,294,189	27,346,883	159,499
Total Liabilities	98,369,292	134,532,155	232,901,447	4,554,680	28,798,503	290,863
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues						
Succeeding year property tax	\$ 24,825,015	\$ -	\$ 24,825,015	\$ -	\$ -	\$ -
NET POSITION						
Net investment in capital assets	354,732,451	138,842,390	493,574,841	8,344,904	11,885,470	-
Restricted for/by:						
Bond ordinance development agreement	2,140,740	5,315,519	7,456,259	-	-	-
Debt service	28,488	-	28,488	-	-	-
Employee benefits	51,580	-	51,580	-	-	-
Community development	10,409,902	-	10,409,902	-	-	-
Iowa Finance Authority Trust	13,664	-	13,664	-	-	-
Capital projects	7,132,385	-	7,132,385	-	-	-
Franchise agreement	298,041	-	298,041	-	-	-
Endowments, expendable	82,183	-	82,183	-	-	16,077
Endowments, nonexpendable	69,412	-	69,412	-	-	-
Other	1,275,243	-	1,275,243	-	-	-
State statute	-	-	-	143,265	-	-
Minority interest	-	-	-	389,960	-	-
Unrestricted	(18,151,279)	(593,202)	(18,744,481)	1,327,927	14,298,834	23,050
Total Net Position	\$ 358,082,810	\$ 143,564,707	\$ 501,647,517	\$ 10,206,056	\$ 26,184,304	\$ 39,127

See notes to financial statements.

**CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

EXHIBIT 2

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Primary government			Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries	Dubuque Convention and Visitors Bureau
						Governmental Activities	Business-type Activities	Total			
Primary government											
Governmental Activities:											
Public safety	\$ 27,578,517	\$ 2,624,455	\$ 922,126	\$ 50,672	\$ 3,597,253	\$ (23,981,264)	\$ -	\$ (23,981,264)	\$ -	\$ -	\$ -
Public works	21,306,882	5,829,293	6,403,588	9,739,368	21,972,249	665,367	-	665,367	-	-	-
Health and social services	1,055,398	122,746	33,471	12,904	169,121	(886,277)	-	(886,277)	-	-	-
Culture and recreation	13,696,331	2,321,265	369,077	479,669	3,170,011	(10,526,320)	-	(10,526,320)	-	-	-
Community and economic development	14,591,257	527,927	5,056,645	1,696,263	7,280,835	(7,310,422)	-	(7,310,422)	-	-	-
General government	9,610,084	3,270,583	-	183,773	3,454,356	(6,155,728)	-	(6,155,728)	-	-	-
Interest on long-term debt	3,684,993	-	-	-	-	(3,684,993)	-	(3,684,993)	-	-	-
Total governmental activities	91,523,462	14,696,269	12,784,907	12,162,649	39,643,825	(51,879,637)	-	(51,879,637)	-	-	-
Business-type activities											
Sewage disposal works	11,481,103	10,025,673	-	1,364,204	11,389,877	-	(91,226)	(91,226)	-	-	-
Water utility	8,812,340	7,248,790	-	125,400	7,374,190	-	(1,438,150)	(1,438,150)	-	-	-
Stormwater utility	3,431,096	3,224,504	-	334,146	3,558,650	-	127,554	127,554	-	-	-
Parking facilities	3,732,492	2,920,148	-	198,189	3,118,337	-	(614,155)	(614,155)	-	-	-
Americans River Project	33,579	-	-	-	-	-	(33,579)	(33,579)	-	-	-
Refuse collection	3,750,366	3,700,922	-	-	3,700,922	-	(49,444)	(49,444)	-	-	-
Transit system	3,847,320	275,907	1,717,208	899,003	2,892,118	-	(955,202)	(955,202)	-	-	-
Salt	56,468	45,600	-	-	45,600	-	(10,868)	(10,868)	-	-	-
Total business-type activities	35,144,764	27,441,544	1,717,208	2,920,942	32,079,694	-	(3,065,070)	(3,065,070)	-	-	-
Total primary government	\$ 126,668,226	\$ 42,137,813	\$ 14,502,115	\$ 15,083,591	\$ 71,723,519	(51,879,637)	(3,065,070)	(54,944,707)	-	-	-
Component units											
DMASWA	4,297,609	3,460,057	-	103,992	3,564,049	-	-	(733,560)	-	-	-
Dubuque Initiatives and Subsidiaries	4,594,019	3,485,668	-	5,000	3,490,668	-	-	-	(1,103,351)	-	-
Dubuque Convention and Visitors Bureau	1,152,562	1,082,940	-	108,516	1,191,456	-	-	-	-	38,894	-
Total Component Units	\$ 10,044,190	\$ 8,028,665	\$ -	\$ 217,508	\$ 8,246,173			(733,560)	(1,103,351)	38,894	
General revenues											
Property taxes						33,264,283	-	33,264,283	-	-	-
Local option sales tax						8,211,366	-	8,211,366	-	-	-
Hotel motel tax						2,006,514	-	2,006,514	-	-	-
Utility franchise fees						2,609,421	-	2,609,421	-	-	-
Gaming						7,878,008	-	7,878,008	-	-	-
Unrestricted investment earnings						777,958	135,461	913,419	22,067	654,654	233
Gain on disposal of capital assets						483,782	180,229	664,011	-	-	-
Transfers						(2,444,846)	2,444,846	-	-	-	-
Total General Revenues and Transfers						52,786,486	2,760,536	55,547,022	22,067	654,654	233
Change in Net Position						906,849	(304,534)	602,315	(711,493)	(448,697)	39,127
Net position, beginning of year						357,175,961	143,869,241	501,045,202	10,917,549	26,633,001	-
Net position, ending of year						\$ 358,082,810	\$ 143,564,707	\$ 501,647,517	\$ 10,206,056	\$ 26,184,304	\$ 39,127

See notes to financial statements

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**CITY OF DUBUQUE, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

EXHIBIT 3

	Special Revenue		Capital Projects		Total
	General	Tax Increment Financing	General Construction	Other Governmental Funds	
ASSETS					
Cash and pooled cash investments	\$ 2,814,268	\$ 1,899,738	\$ 13,746,643	\$ 15,696,745	\$ 34,157,394
Receivables					
Property tax					
Delinquent	206,338	-	-	62,017	268,355
Succeeding year	19,311,889	-	-	5,513,126	24,825,015
Accounts and other	1,354,881	-	-	194,310	1,549,191
Special assessments	-	-	-	955,503	955,503
Accrued interest	33,652	41,184	581	69,231	144,648
Notes	6,047,516	-	-	8,515,396	14,562,912
Intergovernmental	1,673,997	-	28,838	2,831,392	4,534,227
Due from other funds	5,052,654	-	-	-	5,052,654
Inventories	291,356	-	-	-	291,356
Prepaid items	210,131	-	-	55,972	266,103
Restricted cash and pooled cash investments	-	2,140,740	-	692,567	2,833,307
Total Assets	<u>\$ 36,996,682</u>	<u>\$ 4,081,662</u>	<u>\$ 13,776,062</u>	<u>\$ 34,586,259</u>	<u>\$ 89,440,665</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 819,932	\$ -	\$ 243,937	\$ 1,625,791	\$ 2,689,660
Accrued payroll	326,882	-	-	51,236	378,118
Intergovernmental payable	-	-	-	40,608	40,608
Unearned revenue	88,327	-	-	14,003	102,330
Total Liabilities	<u>1,235,141</u>	<u>-</u>	<u>243,937</u>	<u>1,731,638</u>	<u>3,210,716</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenues					
Succeeding year property tax	19,311,889	-	-	5,513,126	24,825,015
Special assessments	-	-	-	917,342	917,342
Grants	66,978	-	-	1,153,554	1,220,532
Other	572,740	-	-	74,399	647,139
Total Deferred Inflows of Resources	<u>19,951,607</u>	<u>-</u>	<u>-</u>	<u>7,658,421</u>	<u>27,610,028</u>
FUND BALANCES					
Nonspendable					
Endowment corpus	-	-	-	69,412	69,412
Inventory	291,356	-	-	-	291,356
Long-term notes receivable	6,047,576	-	-	8,515,396	14,562,972
Prepaid items	210,131	-	-	55,972	266,103
Restricted					
Endowments	-	-	-	82,183	82,183
Library	-	-	-	1,233,379	1,233,379
Debt service	-	-	-	28,488	28,488
Bond ordinance	-	2,140,740	-	-	2,140,740
Capital improvements	-	1,940,922	13,532,125	1,726,178	17,199,225
Franchise agreement	-	-	-	298,041	298,041
Special assessments	-	-	-	38,241	38,241
Claims	-	-	-	3,623	3,623
Iowa Finance Authority Trust	-	-	-	13,664	13,664
Community programs	-	-	-	2,531,451	2,531,451
Employee benefits	-	-	-	51,580	51,580
Committed, capital improvements	-	-	-	10,548,592	10,548,592
Assigned					
DRA gaming and distribution	1,904,805	-	-	-	1,904,805
Unassigned					
Total Fund Balances	<u>15,809,934</u>	<u>4,081,662</u>	<u>13,532,125</u>	<u>25,196,200</u>	<u>58,619,921</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 36,996,682</u>	<u>\$ 4,081,662</u>	<u>\$ 13,776,062</u>	<u>\$ 34,586,259</u>	<u>\$ 89,440,665</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

EXHIBIT 3-1

Total fund balances - governmental funds	\$ 58,619,921	
Amounts reported for the governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of capital assets	\$ 516,297,152	
Accumulated depreciation	<u>(127,093,333)</u>	389,203,819
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	27,086	
Special assessments	917,342	
Other	<u>1,840,585</u>	2,785,013
Internal service funds are used by the City's management to charge the costs of equipment maintenance and self-insurance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		737,223
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	(52,568,648)	
Tax increment financing bonds	(21,556,435)	
Notes payable	(1,030,036)	
Loans payable	(5,541,428)	
Accounts payable Zaber settlement	(2,700,000)	
Accrued interest	(286,365)	
Compensated absences	(6,529,745)	
Net OPEB liability	<u>(3,050,509)</u>	<u>(93,263,166)</u>
Net position of governmental activities		<u><u>\$ 358,082,810</u></u>

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, 2014

EXHIBIT 4

	Special Revenue		Capital Projects		Total
	General	Tax Increment Financing	General Construction	Other Governmental Funds	
REVENUES					
Taxes	\$ 27,243,555	\$ 9,140,253	\$ -	\$ 9,650,553	\$ 46,034,361
Special assessments	33,640	-	-	121,052	154,692
Licenses and permits	1,136,941	-	-	-	1,136,941
Intergovernmental	2,591,928	-	28,838	20,429,286	23,050,052
Charges for services	10,007,272	-	-	256,985	10,264,257
Fines and forfeits	455,219	-	-	-	455,219
Investment earnings	294,741	171,115	35,662	255,291	756,809
Contributions	590,705	74,354	3,374	10,128	678,561
Gaming	7,878,008	-	-	-	7,878,008
Miscellaneous	678,627	-	2,500	1,024,148	1,705,275
Total Revenues	50,910,636	9,385,722	70,374	31,747,443	92,114,175
EXPENDITURES					
Current					
Public safety	27,644,190	-	-	-	27,644,190
Public works	7,720,258	-	-	6,222,514	13,942,772
Health and social services	999,511	-	-	49,683	1,049,194
Culture and recreation	12,114,812	-	-	236,685	12,351,497
Community and economic development	3,610,094	3,392,352	-	7,418,534	14,420,980
General government	5,355,714	-	-	542,579	5,898,293
Debt service					
Principal	48,000	-	-	4,547,808	4,595,808
Interest and fiscal charges	139,488	-	-	3,511,206	3,650,694
Capital projects	-	-	4,892,905	13,886,746	18,779,651
Total Expenditures	57,632,067	3,392,352	4,892,905	36,415,755	102,333,079
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,721,431)	5,993,370	(4,822,531)	(4,668,312)	(10,218,904)
OTHER FINANCING SOURCES (USES)					
Transfers in	6,251,017	410,385	95,079	9,106,035	15,862,516
Transfers out	(2,853,785)	(6,788,409)	(292,542)	(7,360,026)	(17,294,762)
Insurance recovery	12,918	-	-	46,878	59,796
Sale of capital assets	234,326	-	326,280	106,042	666,648
Total Other Financing Sources (Uses)	3,644,476	(6,378,024)	128,817	1,898,929	(705,802)
NET CHANGE IN FUND BALANCES	(3,076,955)	(384,654)	(4,693,714)	(2,769,383)	(10,924,706)
FUND BALANCES, BEGINNING	18,886,889	4,466,316	18,225,839	27,965,583	69,544,627
FUND BALANCES, ENDING	\$ 15,809,934	\$ 4,081,662	\$ 13,532,125	\$ 25,196,200	\$ 58,619,921

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, 2014**

EXHIBIT 4-1

Net change in fund balances - total governmental funds		\$ (10,924,706)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:		
Capital assets expended in governmental funds	\$ 19,128,239	
Transfers of capital assets to enterprise funds	(1,008,466)	
Contributions from developers and federal government	681,910	
Depreciation expense	<u>(9,193,866)</u>	9,607,817
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of the asset being disposed.		(169,897)
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred inflows of resources increased (decreased) by these amounts this year:		
Property tax	(6,612)	
Special assessments	(155,246)	
Other	<u>287,624</u>	132,378
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Also, governmental funds report the effect of issuance discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Debt repayments		4,595,808
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:		
Accounts payable pending Zaber lawsuit	(2,700,000)	
Decrease in accrued interest	34,299	
Amortization of bond discount/premium	19,821	
Increase in compensated absences	(305,917)	
Increase in net OPEB liability	<u>(324,185)</u>	
Total additional expenses		(610,281)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.		
Change in net position of governmental activities		<u>\$ 948,043</u>
		<u>\$ 906,849</u>

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ 4,629,358	\$ 1,722,951	\$ -
Receivables			
Accounts	1,098,803	798,174	321,206
Accrued interest	17,499	9,113	-
Intergovernmental	-	-	63,601
Inventories	-	754,800	-
Prepaid items	-	-	-
Total Current Assets	<u>5,745,660</u>	<u>3,285,038</u>	<u>384,807</u>
NONCURRENT ASSETS			
Restricted cash and pooled cash investments	1,578,504	1,590,487	9,664,651
Capital assets			
Land	167,855	59,898	16,334,423
Buildings	72,005,065	9,066,404	-
Improvements to other than buildings	39,726,751	761,957	50,239,596
Machinery and equipment	39,354,365	45,621,738	1,061,958
Construction in progress	1,220,382	464,682	2,282,382
Accumulated depreciation	<u>(46,608,404)</u>	<u>(22,839,302)</u>	<u>(10,706,249)</u>
Net Capital Assets	<u>105,866,014</u>	<u>33,135,377</u>	<u>59,212,110</u>
Total Noncurrent Assets	<u>107,444,518</u>	<u>34,725,864</u>	<u>68,876,761</u>
Total Assets	<u>\$ 113,190,178</u>	<u>\$ 38,010,902</u>	<u>\$ 69,261,568</u>

EXHIBIT 5

Business-type Activities-Enterprise Funds			
Parking Facilities	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 205,011	\$ 584,530	\$ 7,141,850	\$ 2,486,289
142,043	312,150	2,672,376	99,165
1,938	2,210	30,760	9,398
-	1,004,830	1,068,431	-
-	-	754,800	98,217
12,526	-	12,526	50,983
<u>361,518</u>	<u>1,903,720</u>	<u>11,680,743</u>	<u>2,744,052</u>
700,461	3,670,700	17,204,803	-
2,124,465	36,000	18,722,641	-
52,872,887	2,063,022	136,007,378	-
2,396,647	930,544	94,055,495	-
2,027,188	7,266,894	95,332,143	106,521
513,466	2,497,910	6,978,822	-
<u>(12,660,109)</u>	<u>(4,180,563)</u>	<u>(96,994,627)</u>	<u>(55,822)</u>
<u>47,274,544</u>	<u>8,613,807</u>	<u>254,101,852</u>	<u>50,699</u>
<u>47,975,005</u>	<u>12,284,507</u>	<u>271,306,655</u>	<u>50,699</u>
\$ 48,336,523	\$ 14,188,227	\$ 282,987,398	\$ 2,794,751

(Continued)

**CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014**

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 1,236,183	\$ 221,186	\$ 171,425
Accrued payroll	28,327	35,619	4,617
Loans payable - current	-	-	-
General obligation bonds payable	314,320	370,975	827,543
Revenue bonds payable	-	275,000	-
Capital loan notes payable	2,603,500	166,500	356,735
Accrued compensated absences	22,605	-	-
Accrued interest payable	124,978	37,941	97,946
Due to other funds	-	-	4,817,539
Total Current Liabilities	<u>4,329,913</u>	<u>1,107,221</u>	<u>6,275,805</u>
NONCURRENT LIABILITIES			
Loans payable	-	-	-
General obligation bonds payable	4,236,276	4,046,568	13,252,054
Revenue bonds payable	-	5,715,127	8,161,310
Capital loan notes payable	66,529,724	3,344,500	9,923,990
Accrued compensated absences	268,823	318,338	9,898
Net OPEB Liability	166,908	181,874	37,454
Total Noncurrent Liabilities	<u>71,201,731</u>	<u>13,606,407</u>	<u>31,384,706</u>
Total Liabilities	<u>75,531,644</u>	<u>14,713,628</u>	<u>37,660,511</u>
NET POSITION			
Net investment in capital assets	36,462,201	19,721,492	36,355,128
Restricted by bond ordinance/development agreement	251,264	1,085,702	-
Unrestricted	945,069	2,490,080	(4,754,071)
Total Net Position	<u>\$ 37,658,534</u>	<u>\$ 23,297,274</u>	<u>\$ 31,601,057</u>

**EXHIBIT 5
(Continued)**

Business-type Activities-Enterprise Funds			
Parking Facilities	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 138,684	\$ 576,368	\$ 2,343,846	\$ 1,858,071
12,326	66,945	147,834	37,339
24,208	-	24,208	-
688,205	4,506	2,205,549	-
-	-	275,000	-
-	-	3,126,735	-
3,407	2,596	28,608	-
38,734	259	299,858	-
-	72,997	4,890,536	162,118
<u>905,564</u>	<u>723,671</u>	<u>13,342,174</u>	<u>2,057,528</u>
262,055	-	262,055	-
8,908,309	90,106	30,533,313	-
-	-	13,876,437	-
-	-	79,798,214	-
71,197	299,823	968,079	-
61,720	194,463	642,419	-
<u>9,303,281</u>	<u>584,392</u>	<u>126,080,517</u>	<u>-</u>
<u>10,208,845</u>	<u>1,308,063</u>	<u>139,422,691</u>	<u>2,057,528</u>
37,784,374	8,519,195	138,842,390	50,700
307,853	3,670,700	5,315,519	-
35,451	690,269	(593,202)	686,523
<u>\$ 38,127,678</u>	<u>\$ 12,880,164</u>	<u>\$ 143,564,707</u>	<u>\$ 737,223</u>

**CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
OPERATING REVENUES			
Charges for sales and services	\$ 10,010,796	\$ 7,248,790	\$ 3,204,107
Other	14,877	-	20,397
Total Operating Revenues	<u>10,025,673</u>	<u>7,248,790</u>	<u>3,224,504</u>
OPERATING EXPENSES			
Employee expense	3,317,105	3,441,533	1,003,085
Utilities	639,350	589,842	7,286
Repairs and maintenance	713,905	189,269	41,379
Supplies and services	1,967,071	3,065,063	771,418
Insurance	116,203	98,275	10,149
Depreciation	3,138,474	957,743	695,847
Total Operating Expenses	<u>9,892,108</u>	<u>8,341,725</u>	<u>2,529,164</u>
OPERATING INCOME (LOSS)	<u>133,565</u>	<u>(1,092,935)</u>	<u>695,340</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	81,227	-	63,351
Investment earnings	58,267	34,260	15,522
Contributions	924,502	-	32,126
Interest expense	(1,583,549)	(470,615)	(901,932)
Gain (loss) on disposal of assets	6,056	20,422	153,576
Net Nonoperating Revenues (Expenses)	<u>(513,497)</u>	<u>(415,933)</u>	<u>(637,357)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(379,932)</u>	<u>(1,508,868)</u>	<u>57,983</u>
CAPITAL CONTRIBUTIONS	358,475	125,400	238,669
TRANSFERS IN	-	20,367	267,559
TRANSFERS OUT	<u>(2,637)</u>	<u>(81,679)</u>	<u>(1,508)</u>
CHANGE IN NET POSITION	<u>(24,094)</u>	<u>(1,444,780)</u>	<u>562,703</u>
NET POSITION, BEGINNING	<u>37,682,628</u>	<u>24,742,054</u>	<u>31,038,354</u>
NET POSITION, ENDING	<u>\$ 37,658,534</u>	<u>\$ 23,297,274</u>	<u>\$ 31,601,057</u>

See notes to financial statements.

EXHIBIT 6

Business-type Activities-Enterprise Funds			Governmental
Parking Facilities	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ 2,677,224	\$ 3,945,096	\$ 27,086,013	\$ 15,193,949
242,924	77,333	355,531	155,195
<u>2,920,148</u>	<u>4,022,429</u>	<u>27,441,544</u>	<u>15,349,144</u>
971,014	4,350,228	13,082,965	3,275,712
263,146	74,782	1,574,406	28,441
267,131	601,350	1,813,034	35,900
632,317	1,798,622	8,234,491	10,909,044
80,802	78,928	384,357	164,913
1,079,449	786,111	6,657,624	10,738
<u>3,293,859</u>	<u>7,690,021</u>	<u>31,746,877</u>	<u>14,424,748</u>
<u>(373,711)</u>	<u>(3,667,592)</u>	<u>(4,305,333)</u>	<u>924,396</u>
125,710	2,582,125	2,852,413	-
7,153	20,259	135,461	21,149
72,479	34,086	1,063,193	-
(438,633)	(3,158)	(3,397,887)	-
-	175	180,229	6,632
<u>(233,291)</u>	<u>2,633,487</u>	<u>833,409</u>	<u>27,781</u>
<u>(607,002)</u>	<u>(1,034,105)</u>	<u>(3,471,924)</u>	<u>952,177</u>
1,008,466	-	1,731,010	-
-	1,675,284	1,963,210	-
<u>(410,385)</u>	<u>(30,621)</u>	<u>(526,830)</u>	<u>(4,134)</u>
<u>(8,921)</u>	<u>610,558</u>	<u>(304,534)</u>	<u>948,043</u>
<u>38,136,599</u>	<u>12,269,606</u>	<u>143,869,241</u>	<u>(210,820)</u>
<u>\$ 38,127,678</u>	<u>\$ 12,880,164</u>	<u>\$ 143,564,707</u>	<u>\$ 737,223</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business-type Activities-			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 9,962,393	\$ 7,272,189	\$ 3,218,355	\$ 2,676,578
Cash payments to suppliers for goods and services	(6,514,852)	(4,626,591)	(1,729,513)	(1,119,000)
Cash payments to employees for services	(3,344,702)	(3,408,682)	(997,807)	(960,257)
Other operating receipts	14,877	-	20,397	242,924
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>117,716</u>	<u>(763,084)</u>	<u>511,432</u>	<u>840,245</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	20,367	267,559	-
Transfers to other funds	(2,637)	(81,679)	(1,508)	(410,385)
Proceeds from interfund balances	-	-	3,316,207	-
Payment of interfund balances	-	-	-	-
Intergovernmental grant proceeds	195,909	-	-	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>193,272</u>	<u>(61,312)</u>	<u>3,582,258</u>	<u>(410,385)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	6,056	20,422	153,576	-
Acquisition and construction of capital assets	(7,829,746)	(1,110,625)	(2,795,966)	(82,361)
Proceeds from issuance of debt	8,354,803	-	9,153,975	-
Premium on Debt Issuance	-	-	971,310	-
Payment of debt	(2,634,136)	(790,404)	(1,102,847)	(740,678)
Interest paid	(1,572,858)	(472,115)	(878,289)	(450,047)
Contributions	924,502	-	32,126	72,479
Intergovernmental grant proceeds	-	148,166	21,554	113,184
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,751,379)</u>	<u>(2,204,556)</u>	<u>5,555,439</u>	<u>(1,087,423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	52,173	31,457	15,522	7,441
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(2,388,218)	(2,997,495)	9,664,651	(650,122)
CASH AND CASH EQUIVALENTS, BEGINNING	8,596,080	6,310,933	-	1,555,594
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 6,207,862</u>	<u>\$ 3,313,438</u>	<u>\$ 9,664,651</u>	<u>\$ 905,472</u>

EXHIBIT 7

Enterprise Funds		Total	Governmental Activities- Internal Service Funds
Other Enterprise Funds			
\$ 4,051,194	\$ 27,180,709	\$ 15,193,784	
(2,681,873)	(16,671,829)	(11,008,483)	
(4,350,426)	(13,061,874)	(3,269,768)	
77,333	355,531	155,195	
(2,903,772)	(2,197,463)	1,070,728	
1,675,284	1,963,210	-	
(30,621)	(526,830)	(4,134)	
38,181	3,354,388	-	
8,311	8,311	-	
2,497,940	2,693,849	119,613	
4,189,095	7,492,928	115,479	
-			
20,475	200,529	6,632	
(2,270,537)	(14,089,235)	-	
-	17,508,778	-	
-	971,310	-	
(4,413)	(5,272,478)	-	
(3,198)	(3,376,507)	-	
34,086	1,063,193	-	
-	282,904	-	
(2,223,587)	(2,912,035)	6,632	
19,402	125,995	14,345	
(918,861)	2,383,431	1,207,184	
5,174,091	21,636,698	1,279,105	
\$ (1,837,722)	\$ 24,020,129	\$ 2,486,289	

(Continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY (USED FOR) OPERATING				
ACTIVITIES				
Operating income (loss)	\$ 133,565	\$ (1,092,935)	\$ 695,340	\$ (373,711)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	3,138,474	957,743	695,847	1,079,449
Change in assets and liabilities				
(Increase) decrease in receivables	(48,403)	23,399	14,248	(646)
Decrease (increase) in inventories and prepaid items	-	77,551	-	6,373
Increase (decrease) in accounts payable	(3,078,323)	(761,693)	(899,281)	118,023
Increase (decrease) in accrued liabilities	(43,536)	14,015	931	4,237
Increase in net OPEB liability	15,939	18,836	4,347	6,520
Total Adjustments	<u>(15,849)</u>	<u>329,851</u>	<u>(183,908)</u>	<u>1,213,956</u>
NET CASH PROVIDED BY (USED FOR) OPERATING				
ACTIVITIES	<u>\$ 117,716</u>	<u>\$ (763,084)</u>	<u>\$ 511,432</u>	<u>\$ 840,245</u>
NONCASH CAPITAL AND RELATED FINANCING				
ACTIVITIES				
Contribution of capital assets from outside sources	<u>\$ 358,475</u>	<u>\$ 125,400</u>	<u>\$ 238,669</u>	<u>\$ -</u>
Contributions of capital assets from Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,008,466</u>
See notes to financial statements.				

**EXHIBIT 7
(Continued)**

Enterprise Funds		Total	Governmental Activities- Internal Service Funds
Other Enterprise Funds			
\$ (3,667,592)	\$ (4,305,333)		\$ 924,396
786,111	6,657,624		10,738
106,098	94,696		(165)
-	83,924		(48,078)
(128,191)	(4,749,465)		177,893
(19,035)	(43,388)		5,944
18,837	64,479		-
763,820	2,107,870		146,332
\$ <u>(2,903,772)</u>	\$ <u>(2,197,463)</u>		\$ <u>1,070,728</u>
\$ <u>-</u>	\$ <u>722,544</u>		\$ <u>-</u>
\$ <u>-</u>	\$ <u>1,008,466</u>		\$ <u>-</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

EXHIBIT 8

	<u>Agency Funds</u>
ASSETS	
Cash and pooled cash investments	\$ 1,102,368
Accounts receivable	54,656
Accrued interest	<u>2,239</u>
Total Assets	<u>\$ 1,159,263</u>
LIABILITIES	
Accounts Payable	\$ 4,640
Due to other agency	<u>1,154,623</u>
Total Liabilities	<u>\$ 1,159,263</u>

See notes to financial statements.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014, \$494,811 of the Dubuque Metropolitan Area Solid Waste Agency's charges for services were related to services provided to the City of Dubuque.

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

Dubuque Convention and Visitors Bureau is a non-profit corporation organized under the laws of Iowa and Section 501(c)(3) of the Internal Revenue Code. The Organization's purpose is to strengthen the Dubuque area economy by competitively marketing the area as a destination for conventions, tour groups, sporting events and individual travelers. The Organization's articles require that its board members include one City Council member, the City of Dubuque Mayor and the City Manager. In the event of dissolution, any assets or property of the Organization shall be distributed to the City of Dubuque, Iowa after paying or making provision for the payment of all liabilities of the Corporation. The City collects hotel/motel taxes and forwards 50% to the CVB as the primary source of funds for its operations. The CVB is presented as a governmental fund type and has a June 30 year end.

Dubuque Initiatives and Subsidiaries and the Dubuque Convention and Visitors Bureau present their financial information in accordance with the Financial Accounting Standards Board (FASB).

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organizations

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

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major governmental funds:

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

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

The *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.

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.

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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, Deferred Inflows of Resources, 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."

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, 2014, and 2014 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

Inventories and Prepaid Items

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

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

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

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

Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The "revenue bond operating" account is used to report resources set aside to subsidize potential deficiencies from the enterprise fund's operation that could adversely affect debt service payments. The "revenue bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account.

Certain assets of the special revenue funds and capital project funds are classified as restricted assets because their use is limited by debt agreement, the City's cable television franchise agreement, or Iowa Finance Authority housing program agreement.

Certain assets of the Dubuque Metropolitan Area Solid Waste Agency are classified as restricted assets because their use is restricted by state statute for certain specified uses.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position and in the proprietary funds statement of net position. Capital assets are defined by the government as assets with an initial, individual cost of more than \$100,000 for infrastructure and intangible assets, \$20,000 for building assets, and \$10,000 for the remaining assets, and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

Long-Term Obligations

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Deferred inflows of Resources

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

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

Net Position/Fund Balance

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

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

- Net investment in capital assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds were \$12,880,825 for the governmental activities and \$11,889,284 for business-type activities.
- Restricted - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation as of June 30, 2014 consists of \$28,488 for debt service and \$51,580 for employee benefits. All other restrictions are by outside parties through grants, debt agreements or donors.
- Unrestricted - This consists of net position that does not meet the definition of restricted or net investment in capital assets.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

The budget guideline of the City of Dubuque maintains a General Fund working balance or operating reserve of 10% of the total General Fund operating budget requirements, or approximately \$4,363,273 for fiscal year 2014. An operating reserve or working balance must be carried into a fiscal year to pay operating costs until tax money, or other anticipated revenue is received. The State of Iowa recommends a reasonable amount for a working balance as (a) anticipated revenues for the first three months of the fiscal year, less anticipated expenditures or (b) 5% of the total General Fund operating budget, excluding fringes and tort liability expenses. The City's rating agency, Moody's Investor Service, recommends a reserve balance of at least 10% for "A" rated cities. This is based on the fact that a large portion of the revenue sources are beyond the City's control and therefore uncertain.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Other Significant Accounting Policies

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit net position amounts as of June 30, 2014:

America's River Project	\$	1,605
Internal Service Funds		
Garage Service	\$	40,712
General Service	\$	38,608
Workers' Compensation Reserve	\$	436,971

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

NOTE 3 – CASH ON HAND, DEPOSITS, AND INVESTMENTS

Cash on Hand. Cash on hand represents authorized change funds and petty cash funds used for current operating purposes. The carrying amount at year-end was \$14,221 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 \$36,000,038, and the bank balance was \$37,773,663. The City's deposits in banks at June 30, 2014, 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 \$6,018,180, and the bank balance was \$6,909,179. The Agency's deposits in banks at June 30, 2014, 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, 2014

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

Investments. As of June 30, 2014, 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	\$ 539,824	\$ 2,189,788	\$ -	\$ -	\$ 2,729,612
U.S. Treasury Securities	1,083,638	6,464,493	-	2,550,371	10,098,502
Federal Agency Obligations	1,912,347	7,282,065	1,647,712	5,147,872	15,989,996
Corporate Stock	93,642	-	-	-	93,642
	<u>\$ 3,629,451</u>	<u>\$ 15,936,346</u>	<u>\$ 1,647,712</u>	<u>\$ 7,698,243</u>	<u>\$ 28,911,752</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, 2014

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, 2014.

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

Cash on hand	\$ 14,221
Carrying amount of deposits	36,000,038
Carrying amount of investments	28,911,752
Total	<u>\$ 64,926,011</u>
Government-wide	
Cash and pooled cash investments	\$ 43,785,533
Cash and pooled cash investments - temporarily restricted	19,968,698
Cash and pooled cash investments - permanently restricted	69,412
Fiduciary	
Cash and pooled cash investments	1,102,368
Total	<u>\$ 64,926,011</u>

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

Cash on hand	\$ 800
Carrying amount of deposits	6,018,180
Total	<u>\$ 6,018,980</u>
Cash and pooled cash investments	\$ 1,528,040
Cash and pooled cash investments - temporarily restricted	4,490,940
Total	<u>\$ 6,018,980</u>

A reconciliation of cash and investments as shown on the government-wide statement of net position for the Dubuque Initiatives and Subsidiaries (December 31, 2013) follows:

Deposits	\$ 942,548
Investment in Dubuque Food Coop	200,000
Repurchase agreement	563,916
Beneficial interest in assets held by others	1,339,034
Total	<u>\$ 3,045,498</u>
Cash and pooled cash investments	\$ 1,444,195
Cash and pooled cash investments-restricted	262,269
Cash and pooled cash investments-temporarily restricted	1,339,034
Total	<u>\$ 3,045,498</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – NOTES RECEIVABLE

The City provides low interest and low interest loans to promote economic and community development, provide opportunities for home ownership to low and moderate income citizens and improve rental properties for low income citizens. Loans may contain a forgivable portion if recipient meets specific conditions such as job creation for economic development or residency requirements community development. Loans are secured by mortgage liens against the property.

At June 30, 2014 the City had the follow notes receivable.

Economic Development Notes Receivable:

	Original Balance	Interest Rate	Issued	Maturity	Balance	Current Portion
Downtown Rehabilitation Loan Program						
At Last Fluid Power Co.	\$ 17,200	3 %	1998	6/1/2018	\$ 5,366	\$ 1,282
Butt's Florist, Inc.	300,000	3	2011	7/1/2031	300,000	-
Clark Wolff	150,000	3	2001	5/1/2022	70,268	7,984
Dubuque Museum of Art	300,000	3	1999	7/1/2021	173,522	22,322
Grand Opera House #1-02	73,000	3	2002	2/1/2023	46,117	4,731
Greenfield, Jane	188,000	3	1998	10/1/2019	76,610	13,448
Gronen Adaptive	300,000	2	2006	5/1/2036	198,162	7,278
Hartig Realty III, L.C.	300,000	3	2009	9/1/2029	280,000	11,214
Interstate Building LLLP	300,000	3	2010	9/22/2015	300,000	12,015
James Madison, Inc.	300,000	3	2008	9/18/2028	300,000	16,446
Lower Main Development, LLC	300,000	3	2006	3/1/2026	170,682	11,612
Moore, Jorga	55,442	3	1999	5/1/2019	20,968	3,690
Security Partners, L.P.	300,000	3	2001	8/1/2021	67,045	13,588
Town Clock Building Co.	300,000	3	2001	8/1/2021	154,790	19,657
Urban Development Action Grant						
40 Main, LLC - Note A	300,000	-	2009	7/1/2016	300,000	-
Downtown Housing Incentive Loan						
Caradco Landlord, LLC	4,500,000	3	2012	6/1/2030	4,500,000	-
Dubuque River Rides	64,000	-	2012	4/30/2016	41,600	12,800
40 Main Real Estate Loan	156,583	-	2009	11/1/2015	156,583	-
Sales Tax Construction						
DB&T Community						
Development Corporation	1,700,000	-	2012	2/1/2032	1,700,000	-
					<u>\$ 8,861,713</u>	<u>\$ 158,067</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – NOTES RECEIVABLE (continued)

	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
Community Development Installment Loans Receivables			
Residential Rehabilitation Installment Loan Programs			
First Time Home Buyers	6 %	\$ 427,903	\$ 32,000
Local Housing Assistance Program (LHAP)	6	150,162	8,000
Homebuyers Assistance Program	6	2,728,185	188,000
Infill	6	336,805	8,000
Residential Rehab Program	6	320,010	30,000
RRP Reserve	-	77,188	-
Washington Neighborhood Revitalize	-	306,851	15,000
The Accessibility Rehabilitation Program (for rentals)	6	813,732	44,000
HOME Program (1)	-	459,097	92,000
Historic Preservation Revolving Loan Fund/Historic Preservation Housing Forgivable Loan Program	6	81,271	12,000
		<u>5,701,204</u>	<u>429,000</u>

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

At December 31, 2013, Dubuque Initiatives and Subsidiaries had the following notes receivable:

Lower Main Development, 4.00%, unsecured, matures August 2018	\$ 72,440
City of Dubuque, 5.00%, unsecured, matures July 2023	297,925
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	4,936,873
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	<u>5,294,384</u>
Total notes receivable	10,601,622
Less: current maturities	<u>(38,024)</u>
Noncurrent portion	<u>\$ 10,563,598</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2014, 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	\$ 5,052,654	\$ -
Internal Service	-	162,118
Business-type activities:		
Stormwater Utility	-	4,817,539
Nonmajor	-	72,997
	<u>\$ 5,052,654</u>	<u>\$ 5,052,654</u>

These balances result from a time lag between the date that 1) the internal service funds goods and services are provided or reimbursement occurs, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – INTERFUND BALANCES AND TRANSFERS (continued)

Interfund transfers for the year ended June 30, 2014, consisted of the following:

Transfer to	Transfers From										Total
	General	Tax Increment Financing	General Construction	Nonmajor Governmental	Water Utility	Sanitary Sewer Utility	Storm Water Utility	Parking Ramps	Nonmajor Enterprise	Internal Service Fund	
General	\$ -	\$ 191,867	\$ 292,542	\$ 5,726,029	\$ 1,679	\$ 2,637	\$ 1,508	\$ -	\$ 30,621	\$ 4,134	\$ 6,251,017
Tax increment financing	-	-	-	-	-	-	-	410,385	-	-	410,385
General construction	-	-	-	95,079	-	-	-	-	-	-	95,079
Nonmajor governmental	1,611,607	6,596,542	-	817,886	80,000	-	-	-	-	-	9,106,035
Water utility	-	-	-	20,367	-	-	-	-	-	-	20,367
Stormwater utility	267,471	-	-	88	-	-	-	-	-	-	267,559
Nonmajor enterprise	974,707	-	-	700,577	-	-	-	-	-	-	1,675,284
	<u>\$ 2,853,785</u>	<u>\$ 6,788,409</u>	<u>\$ 292,542</u>	<u>\$ 7,360,026</u>	<u>\$ 81,679</u>	<u>\$ 2,637</u>	<u>\$ 1,508</u>	<u>\$ 410,385</u>	<u>\$ 30,621</u>	<u>\$ 4,134</u>	<u>\$ 17,825,726</u>
Transfer of capital assets to business type activities											1,008,466
Total											<u>\$ 18,834,192</u>

In the fund financial statements, total transfers out of \$18,834,192 are greater than total transfers in of \$17,825,726 because of the treatment of transfers of capital assets to the business type activities. Net capital assets of \$1,008,466 were transferred from governmental capital assets to parking. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources.

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

Primary Government:

Governmental activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 65,196,318	\$ -	\$ (495,000)	\$ 2,516,307	\$ (137,098)	\$ 67,080,527
Construction in progress	33,798,734	-	(513,466)	16,704,893	(5,935,245)	44,054,916
Total Capital assets, not being depreciated	98,995,052	-	(1,008,466)	19,221,200	(6,072,343)	111,135,443
Capital assets, being depreciated:						
Buildings	126,173,378	-	-	1,425,963	-	127,599,341
Improvements other than buildings	22,100,379	-	-	118,715	-	22,219,094
Machinery and equipment	38,179,274	-	-	2,267,520	(928,578)	39,518,216
Infrastructure	213,219,583	-	-	2,711,996	-	215,931,579
Total capital assets, being depreciated	399,672,614	-	-	6,524,194	(928,578)	405,268,230
Less accumulated depreciation for:						
Buildings	(32,097,059)	-	-	(2,181,711)	-	(34,278,770)
Improvements other than buildings	(7,650,425)	-	-	(786,607)	-	(8,437,032)
Machinery and equipment	(18,676,763)	-	-	(2,633,135)	895,779	(20,414,119)
Infrastructure	(60,416,083)	-	-	(3,603,151)	-	(64,019,234)
Total accumulated depreciation	(118,840,330)	-	-	(9,204,604)	895,779	(127,149,155)
Total capital assets, being depreciated, net	280,832,284	-	-	(2,680,410)	(32,799)	278,119,075
Governmental activities capital assets, net	<u>\$ 379,827,336</u>	<u>\$ -</u>	<u>\$ (1,008,466)</u>	<u>\$ 16,540,790</u>	<u>\$ (6,105,142)</u>	<u>\$ 389,254,518</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS (continued)

Business-type activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 17,728,352	\$ 495,000	\$ -	\$ 499,289	\$ -	\$ 18,722,641
Construction in progress	2,250,248	513,466	-	13,209,937	(8,994,829)	6,978,822
Total Capital assets, not being depreciated	<u>19,978,600</u>	<u>1,008,466</u>	<u>-</u>	<u>13,709,226</u>	<u>(8,994,829)</u>	<u>25,701,463</u>
Capital assets, being depreciated:						
Buildings	133,810,040	-	-	2,197,338	-	136,007,378
Improvements other than buildings	91,529,793	-	-	2,525,702	-	94,055,495
Machinery and equipment	90,018,973	-	-	5,354,041	(40,871)	95,332,143
Total capital assets, being depreciated	<u>315,358,806</u>	<u>-</u>	<u>-</u>	<u>10,077,081</u>	<u>(40,871)</u>	<u>325,395,016</u>
Less accumulated depreciation for:						
Buildings	(43,939,662)	-	-	(1,727,491)	-	(45,667,153)
Improvements other than buildings	(23,066,353)	-	-	(1,549,323)	-	(24,615,676)
Machinery and equipment	(23,371,859)	-	-	(3,380,810)	40,871	(26,711,798)
Total accumulated depreciation	<u>(90,377,874)</u>	<u>-</u>	<u>-</u>	<u>(6,657,624)</u>	<u>40,871</u>	<u>(96,994,627)</u>
Total capital assets, being depreciated, net	<u>224,980,932</u>	<u>-</u>	<u>-</u>	<u>3,419,457</u>	<u>-</u>	<u>228,400,389</u>
Business-type activities capital assets, net	<u>\$ 244,959,532</u>	<u>\$ 1,008,466</u>	<u>\$ -</u>	<u>\$ 17,128,683</u>	<u>\$ (8,994,829)</u>	<u>\$ 254,101,852</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS (continued)

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

Governmental activities:	
Public safety	\$ 677,953
Public works	4,712,659
Health and social services	7,050
Culture and recreation	2,112,367
Community and economic development	61,629
General government	1,622,208
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	10,738
Total depreciation expense - governmental activities	<u>\$ 9,204,604</u>
Business-type activities:	
Sewage disposal works	\$ 3,138,474
Water utility	957,743
Stormwater utility	695,847
Parking facilities	1,079,449
Refuse collection	275,448
Salt	4,762
Transit system	505,901
Total depreciation expense - business-type activities	<u>\$ 6,657,624</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS (continued)

Dubuque Metropolitan Area Solid Waste Agency (Component Unit):

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 2,776,217	\$ -	\$ -	\$ 176,449	\$ -	\$ 2,952,666
Construction in progress	-	-	-	-	-	-
Total Capital assets, not being depreciated	<u>2,776,217</u>	<u>-</u>	<u>-</u>	<u>176,449</u>	<u>-</u>	<u>2,952,666</u>
Capital assets, being depreciated:						
Buildings	65,922	-	-	22,573	-	88,495
Improvements other than buildings	9,940,887	-	-	365,521	-	10,306,408
Machinery and equipment	3,563,483	-	-	173,647	-	3,737,130
Total capital assets, being depreciated	<u>13,570,292</u>	<u>-</u>	<u>-</u>	<u>561,741</u>	<u>-</u>	<u>14,132,033</u>
Less accumulated depreciation for:						
Buildings	(49,382)	-	-	(1,096)	-	(50,478)
Improvements other than buildings	(6,093,947)	-	-	(332,179)	-	(6,426,126)
Machinery and equipment	(1,984,020)	-	-	(279,171)	-	(2,263,191)
Total accumulated depreciation	<u>(8,127,349)</u>	<u>-</u>	<u>-</u>	<u>(612,446)</u>	<u>-</u>	<u>(8,739,795)</u>
Total capital assets, being depreciated, net	<u>5,442,943</u>	<u>-</u>	<u>-</u>	<u>(50,705)</u>	<u>-</u>	<u>5,392,238</u>
Dubuque Metropolitan Area Solid Waste, capital assets	<u>\$ 8,219,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,744</u>	<u>\$ -</u>	<u>\$ 8,344,904</u>

Depreciation expense of \$612,446 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 \$106,915,000.

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, 2014, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate purpose Series 2003	10/15/2003	06/01/04-06/01/23	3.40-4.75 %	\$ 2,110,000	\$ 1,130,000
Corporate purpose Series 2005	04/18/2005	06/01/06-06/01/24	3.40-5.00	9,015,000	4,275,000
Corporate purpose Series 2006A	04/03/2006	06/01/07-06/01/25	3.80-4.20	2,900,000	1,970,000
Corporate purpose Series 2007A	12/01/2007	06/01/09-06/01/17	3.45-3.65	1,055,000	390,000
Corporate purpose Series 2008A	11/04/2008	06/01/09-06/01/28	3.75-4.80	3,885,000	3,040,000
Corporate purpose Series 2008B	11/04/2008	06/01/09-06/01/23	3.75-4.25	3,290,000	2,215,000
Corporate purpose (taxable) Series 2008C	11/04/2008	06/01/09-06/01/18	5.25-5.50	2,465,000	1,560,000
Corporate purpose (taxable) Series 2009A	11/10/2009	06/01/11-06/01/29	1.90-5.60	2,935,000	2,430,000
Corporate purpose (taxable) Series 2009B	11/10/2009	06/01/11-06/01/29	1.50-5.50	11,175,000	9,330,000
Refunding Series 2009C	11/10/2009	06/01/10-06/01/21	2.00-4.00	8,885,000	5,500,000
Corporate purpose and refunding Series 2010A	08/30/2010	06/01/11-06/01/30	2.00-3.00	4,470,000	3,780,000
Corporate purpose Series 2010B	08/30/2010	06/01/12-06/01/30	1.00-4.15	2,675,000	2,400,000
Corporate purpose Series 2010C	08/30/2010	06/01/12-06/01/30	2.00-3.00	2,825,000	2,480,000
Corporate purpose Series 2011A	09/01/2011	06/01/12-06/01/31	2.00-4.00	6,330,000	5,805,000
Corporate purpose (taxable) Series 2011B	09/01/2011	06/01/13-06/01/26	2.25-4.35	1,590,000	1,390,000
Corporate purpose Series 2012A	03/15/2012	06/01/14-06/01/31	2.00-3.00	4,380,000	4,175,000
Corporate purpose and refund Series 2012B	03/15/2012	06/01/13-06/01/31	2.00-3.13	7,495,000	7,075,000
Corporate purpose (taxable) Series 2012C	06/28/2012	06/01/14-06/01/32	2.00-3.90	6,965,000	6,700,000
Corporate purpose Series 2012D	06/28/2012	06/01/14-06/01/32	2.00-3.46	7,175,000	6,705,000
Corporate purpose Series 2012E	12/12/2012	06/01/14-06/01/32	2.00-3.00	3,640,000	3,445,000
Corporate purpose (taxable) Series 2012F	12/10/2012	06/01/14-06/01/22	1.00-2.20	1,035,000	1,035,000
Corporate purpose and refund Series 2012G	11/28/2012	06/01/14-06/01/17	1.00-1.25	950,000	575,000
Corporate purpose Series 2012H	12/10/2012	06/01/15-06/01/32	2.00-3.00	2,385,000	2,385,000
Corporate purpose (taxable) and refund Series 2012I	12/04/2013	06/01/13-06/01/21	0.30-2.20	7,285,000	5,195,000
				<u>\$ 106,915,000</u>	<u>\$ 84,985,000</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – LONG-TERM DEBT (continued)

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

Fiscal Year June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
		\$	\$	\$
2015	\$ 4,354,450	1,647,622	2,205,549	1,204,702
2016	4,426,717	1,537,836	2,258,283	1,147,636
2017	4,592,925	1,415,991	2,327,075	1,082,294
2018	4,743,029	1,275,977	2,046,971	1,011,638
2019	4,191,224	1,126,861	2,098,777	944,536
2020-2024	15,085,296	3,853,213	10,229,817	3,588,860
2025-2029	10,637,407	1,180,523	9,348,704	1,593,504
2030-2032	4,171,150	248,265	2,267,629	133,518
Total	<u>\$ 52,202,198</u>	<u>\$ 12,286,288</u>	<u>\$ 32,782,805</u>	<u>\$ 10,706,688</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, 2014, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year	Current Portion
Vessel Systems	12/31/03	12/30/05-06/30/15	8.00 %	\$ 140,000	\$ 19,361	\$ 19,361
Diamond Jo Parking Ramp	10/16/07	06/01/11-06/01/37	7.50	23,025,000	21,750,000	380,000
				<u>\$ 23,165,000</u>	<u>\$ 21,769,361</u>	<u>\$ 399,361</u>

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
2015	\$ 399,361	\$ 1,632,418
2016	410,000	1,602,750
2017	440,000	1,572,000
2018	510,000	1,539,000
2019	475,000	1,505,375
2020-2024	3,185,000	6,881,625
2025-2029	4,565,000	5,516,000
2030-2034	6,555,000	3,506,250
2035-2037	5,230,000	803,250
Total	<u>\$ 21,769,361</u>	<u>\$ 24,558,668</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – LONG-TERM DEBT (continued)

Revenue Bonds. The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City issued \$7,190,000 Iowa Sales Tax Incremental revenue bonds for flood mitigation capital improvements to the Bee Branch storm water project.

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, 2014, are as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
Water Utility Series 2008D	11/04/08	06/01/10-06/01/23	3.00-5.00 %	\$ 1,195,000	\$ 835,000
Water Utility Series 2010D	09/21/10	06/01/12-06/01/30	2.00-4.00	5,700,000	5,135,000
Sales Tax Incremental 2014	06/14/14	06/01/23-06/01/29	4.00-5.00	7,190,000	7,190,000
				<u>\$ 14,085,000</u>	<u>\$ 13,160,000</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 and all other revenue debt. During the year ended June 30, 2014, the City did not meet the revenue bond covenants for Water Revenue Bonds by \$698,589. Water distribution experienced higher than normal maintenance expenses due to an abnormally cold weather and associated water main breaks. Water rates were increased by 9% in fiscal year 2014 and an additional 5% increase in fiscal year 2015. Revenue for the first quarter of fiscal year 2015 is 5% above the same period in fiscal year 2014. Water rates will be increased a projected 9% each subsequent fiscal year until the bond covenant is met.

Revenue bond debt service requirements to maturity are as follows:

<u>Fiscal Year</u> <u>June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 275,000	\$ 527,683
2016	285,000	533,925
2017	295,000	525,360
2018	305,000	516,328
2019	315,000	505,738
2020-2024	2,975,000	2,345,203
2025-2029	8,205,000	1,208,925
2030	505,000	20,200
Total	<u>\$ 13,160,000</u>	<u>\$ 6,183,362</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – LONG-TERM DEBT (continued)

Notes Payable. Notes payable have been issued to provide funds for economic development and for the purchase of capital assets. Notes payable at June 30, 2014, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year	Current Portion
Adams Company	02/13/04	06/01/05-06/01/15	4.07 %	\$ 500,000	\$ 45,455	\$ 45,455
Lower Main Development	06/30/04	12/31/06-06/30/16	8.00	182,000	48,250	23,294
Theisen Supply	11/22/06	12/31/08-06/30/18	8.25	810,323	408,250	88,086
40 Main LLC	08/06/09	06/01/11-06/01/37	6.50	690,529	528,080	61,592
				<u>\$ 2,182,852</u>	<u>\$ 1,030,035</u>	<u>\$ 218,427</u>

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
2015	\$ 218,427	\$ 70,062
2016	186,189	55,690
2017	173,666	41,743
2018	195,881	28,381
2019	79,827	15,582
2020-2021	176,045	14,764
Total	<u>\$ 1,030,035</u>	<u>\$ 226,222</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – LONG-TERM DEBT (continued)

Capital Loan Notes. Revenue capital loan notes have been issued for the planning and construction of sewer, stormwater, and water capital projects through the State of Iowa State Revolving Loan Funds. The City issued an additional \$1,029,000 of SRF debt in 2014 as part of the Bee Branch stormwater project. The City has pledged income derived from the acquired or constructed assets to pay debt service. Capital loan notes payable at June 30, 2014, are as follows:

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	\$ 25,735
Clean Water	01/14/09	06/01/28	3.25	1,847,000	1,402,000	81,000
Drinking Water	10/18/07	06/01/28	3.25	1,037,000	695,000	40,000
North Catfish Creek Stormwater	01/13/10	06/01/30	3.25	998,000	678,000	38,000
North Catfish Creek Sewer	01/13/10	06/01/30	3.25	1,141,000	774,000	33,000
Water Meter Replacement Stormwater	02/12/10	06/01/30	3.25	4,338,000	2,816,000	126,500
Water Meter Replacement Sewer	02/12/10	06/01/30	3.25	4,338,000	2,816,000	126,500
Upper Bee Branch Sewer	10/27/10	06/01/41	3.25	7,850,000	7,359,000	174,000
Water and Resource Recovery Center	08/18/10	06/01/39	3.25	74,285,000	62,821,386	2,311,000
Cogeneration	05/17/13	06/01/33	3.25	3,048,000	2,721,838	128,000
Bee Branch Stormwater	02/18/14	06/01/33	3.25	1,029,000	223,904	43,000
				<u>\$ 101,568,821</u>	<u>\$ 82,924,949</u>	<u>\$ 3,126,735</u>

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

Fiscal Year June 30	Business-type Activities	
	Principal	Interest
2015	\$ 3,126,735	\$ 1,803,168
2016	3,149,578	1,732,568
2017	3,209,449	1,661,249
2018	3,282,348	1,588,460
2019	3,356,181	1,513,959
2020-2024	17,719,418	6,400,585
2025-2029	19,657,652	4,300,712
2030-2034	18,870,202	2,048,219
2035-2039	9,769,385	417,795
2040-2041	784,000	38,675
Total	<u>\$ 82,924,948</u>	<u>\$ 21,505,390</u>

At June 30, 2014, the City of Dubuque had \$12,594,873 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 majority of the remaining available funds in fiscal year 2015. The Sewer Utility revenue capital loan notes covenants include a requirement for the utility to produce net revenue of at least 110% of the current year debt service requirement. During the year ended June 30, 2014, the City did not meet the covenant for Sewer revenue capital loan notes by \$851,857. Although sewer rates were increased by 17% in fiscal year 2014, the metered revenue was approximately \$250,000 less than anticipated due to lower usage. Expenses for utilities and supplies and services were approximately \$640,000 over fiscal year 2103. Sewer rates were increased an additional 5% for fiscal year 2015. Sewer rates will be increased a projected 9% each subsequent fiscal year until bond covenant is met.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – LONG-TERM DEBT (continued)

Loans Payable. Loans payable have been issued to fund several City projects. Loans payable at June 30, 2014, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year	Current Portion
Parking Lot Purchase	07/08/08	01/01/09-07/01/23	5.0 %	\$ 400,000	\$ 286,262	\$ 24,208
Building Purchase Agreement	02/01/10	02/01/10-02/01/16	0.0	330,000	141,428	47,143
Iowa Finance Authority	08/26/11	06/01/20-06/01/30	3.0	4,500,000	4,500,000	-
Bowling & Beyond Inc.	07/25/12	12/04/12-12/04/32	0.0	1,000,000	900,000	50,000
				<u>\$ 6,230,000</u>	<u>\$ 5,827,690</u>	<u>\$ 121,351</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
2015	\$ 97,143	\$ 135,000	\$ 24,208	\$ 14,014
2016	97,143	135,000	25,433	12,790
2017	97,143	135,000	26,720	11,501
2018	50,000	135,000	28,074	10,148
2019	50,000	135,000	29,495	8,727
2020-2024	1,042,679	628,620	152,332	19,669
2025-2029	1,264,748	490,572	-	-
2030-2032	2,842,572	79,127	-	-
Total	<u>\$ 5,541,428</u>	<u>\$ 1,873,319</u>	<u>\$ 286,262</u>	<u>\$ 76,849</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – LONG-TERM DEBT (continued)

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 56,122,022	\$ -	(3,919,824)	\$ 52,202,198	\$ 4,354,450
Unaccreted premium	556,337	-	(40,788)	515,549	-
Unamortized discounts	(161,194)	-	12,095	(149,099)	-
Total general obligation bonds	<u>56,517,165</u>	<u>-</u>	<u>(3,948,517)</u>	<u>52,568,648</u>	<u>4,354,450</u>
Tax increment financing bonds	22,142,335	-	(372,974)	21,769,361	399,361
Unamortized discounts	(221,798)	-	8,872	(212,926)	-
Total tax increment financing bonds	<u>21,920,537</u>	<u>-</u>	<u>(364,102)</u>	<u>21,556,435</u>	<u>399,361</u>
Notes payable	1,235,903	-	(205,867)	1,030,036	218,427
Loans payable	5,638,571	-	(97,143)	5,541,428	97,143
Compensated absences	6,223,828	3,666,328	(3,360,411)	6,529,745	272,783
Net OPEB liability	<u>2,726,324</u>	<u>324,188</u>	<u>-</u>	<u>3,050,512</u>	<u>-</u>
Total governmental activities	<u>\$ 94,262,328</u>	<u>\$ 3,990,516</u>	<u>\$ (7,976,040)</u>	<u>\$ 90,276,804</u>	<u>\$ 5,342,164</u>
Business-type activities:					
General obligation bonds	\$ 34,982,978	\$ -	\$ (2,200,173)	\$ 32,782,805	\$ 2,205,549
Unaccreted premium	105,403	-	(5,557)	99,846	-
Unamortized discounts	(167,249)	-	23,460	(143,789)	-
Total general obligation bonds	<u>34,921,132</u>	<u>-</u>	<u>(2,182,270)</u>	<u>32,738,862</u>	<u>2,205,549</u>
Revenue bonds	6,240,000	7,190,000	(270,000)	13,160,000	275,000
Unaccreted premium	28,903	971,310	(1,606)	998,607	-
Unamortized discounts	(8,604)	-	1,434	(7,170)	-
Total revenue bonds	<u>6,260,299</u>	<u>8,161,310</u>	<u>(270,172)</u>	<u>14,151,437</u>	<u>275,000</u>
Capital loan notes	75,414,173	10,318,778	(2,808,000)	82,924,951	3,126,735
Loans payable	309,304	-	(23,041)	286,263	24,208
Compensated absences	1,075,636	566,497	(645,446)	996,687	28,608
Net OPEB liability	<u>577,940</u>	<u>64,479</u>	<u>-</u>	<u>642,419</u>	<u>-</u>
Total business-type activities	<u>\$ 118,558,484</u>	<u>\$ 19,111,064</u>	<u>\$ (5,928,929)</u>	<u>\$ 131,740,619</u>	<u>\$ 5,660,100</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2013, 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.*	3,109,135
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
	28,103,519
Less: Current maturities	(756,636)
Noncurrent liability	<u>\$ 27,346,883</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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:

2014	\$	756,636
2015		803,036
2016		851,743
2017		697,720
2018		-
Thereafter		<u>24,994,384</u>
	<u>\$</u>	<u>28,103,519</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, 2014

NOTE 8 – RISK MANAGEMENT

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

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents which is included in the Internal Service Fund Type. Health benefits were self-insured up to an individual stop-loss amount of \$120,000, and an aggregate stop-loss of \$10,821,548 for 2014. 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 2014. 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 \$749,763 in the Health Insurance Reserve Fund and \$1,082,310 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, 2014 and 2013, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
Liabilities at June 30, 2012	\$ 386,900	\$ 1,137,168
Claims and changes in estimates during fiscal year 2013	8,675,722	592,684
Claim payments	(8,511,194)	(648,768)
Liabilities at June 30, 2013	551,428	1,081,084
Claims and changes in estimates during fiscal year 2014	9,013,678	530,845
Claim payments	(8,815,343)	(529,619)
Liabilities at June 30, 2014	<u>\$ 749,763</u>	<u>\$ 1,082,310</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 701 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, 2014, were \$505,508.

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, 2014, 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, 2014

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, 2014.

Litigation

The City's corporate counsel reported that as of June 30, 2014, various claims and lawsuits were on file against the City.

The City has booked a payable for pending settlement of the Zaber V. City of Dubuque, class action lawsuit. The City Council has approved a settlement agreement to pay \$2.6 million, plus administrative costs, into a settlement fund to be administered by Rust Consulting. The settlement agreement has not yet been approved by the Iowa district court. The district court has concluded that refunds will not be automatic; customers must file for a refund. The consulting firm believes that process may significantly reduce the number and amount of refunds. The district court has not yet decided what happens to any unclaimed refunds. The plaintiffs have requested that any unclaimed refunds either be paid to the State of Iowa or to some charitable entity. The City has resisted that request and has taken the position that the unclaimed refunds should be returned to the City.

The corporation counsel estimated that all remaining 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.

Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2014. The City has additional commitments for signed construction contracts of \$25,241,197 as of June 30, 2014. 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, 2014

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. also anticipates receipt of State of Iowa Certified Historic Rehabilitation Tax Credit ('State credits') in excess of \$10,000,000 and Federal Certified Historic Rehabilitation Tax Credits in excess of \$11,000,000. The funds will be used to retire debt. The State credits were 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. The Organization has received all available Rehabilitation Tax Credits as of December 31, 2013. These credits have a five year compliance period that will expire during 2014. The organization also received new market tax credits during the project that carries a seven year compliance period, which expires during 2016. Compliance has been maintained as of December 31, 2013.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Plan Description - The City operates a single-employer retiree benefit plan which provides postemployment benefits for eligible participants enrolled in the City-sponsored plans, which include the employees of the Dubuque Metropolitan Area Solid Waste Agency (a component unit). The Plan does not issue a stand-alone financial report. The benefits are provided in the form of:

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

An explicit rate subsidy where the City pays the full cost of a \$1,000 policy in the fully-insured life insurance plan.

To be eligible for the health insurance coverage, retirees must be at least 55 years old, have completed 4 years of service, and be vested with either the Iowa Public Employee's Retirement System (IPERS) or the Municipal Fire and Police Retirement System of Iowa (MFPRSI). In addition to the health eligibility coverage requirements, one must have belonged to a bargaining group to be eligible for life insurance benefits. There are approximately 548 active and 33 retired members in the plan. As of most recent actuarial valuation report.

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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, 2014, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 574,674
Interest on net OPEB obligation	168,199
Adjustment to annual required contribution	<u>(159,423)</u>
Annual OPEB cost	583,450
Contributions made, net of retiree contributions	<u>(186,817)</u>
Increase in net OPEB obligation	396,633
Net OPEB obligation, beginning of year	<u>3,363,982</u>
Net OPEB obligation, end of year	<u><u>\$ 3,760,615</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, 2014.

For the year ended June 30, 2014, the City paid \$629,444 for retiree claims. Plan members eligible for benefits contributed \$442,627 or 100% of the premium costs. The net resulted in City contributions of \$186,817.

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, 2014 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 583,450	32.02 %	\$ 3,760,615
June 30, 2013	581,872	(3.98) %	3,363,982
June 30, 2012	584,004	34.45 %	2,758,966

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$5,720,577, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,720,577. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$32,626,373 (2.5%) and the ratio of the UAAL to covered payroll was 18%. As of June 30, 2014, there were no trust fund assets.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

As of the July 1, 2012 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 8%. 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 \$10,380 per year for retirees. The salary increase rate was assumed to be 2.5% 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, 2014

NOTE 11 – 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.

For FY '14, plan members are required to contribute 9.40% of earnable compensation and the City is required to contribute 30.12% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2014, 2013, and 2012, were \$3,906,483, \$3,334,793 and \$3,177,159, 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.

For FY '14, plan members are required to contribute 5.95% of their annual covered salary, and the City is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012, were \$2,352,312, \$2,197,655 and \$2,074,758, respectively, equal to the required contributions for each year.

NOTE 12 – LANDFILL CLOSURE AND POST CLOSURE 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 position date. The \$3,926,497 reported as landfill closure and post closure care liability at June 30, 2014, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of cells 1, 2, 3, 4, 5, 6, 7, 8 and the use of 20.8% of cell 9. The Agency will recognize the remaining estimated cost of closure and post closure care of \$1,187,296 as the remaining capacity is filled.

These amounts are based on what it would cost to perform all closure and post closure care in 2014. The Agency expects to close cells 5, 6, 7, and 8 in 2015. 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, 2014

NOTE 12 – LANDFILL CLOSURE AND POST CLOSURE CARE (continued)

The Agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2014, funds have been restricted for closure and post closure costs in the amount of \$4,347,675.

NOTE 13 – LEASES WHERE CITY IS LESSOR

The City of Dubuque leases riverfront property, airport property (hangars and terminal space), farm land, parking areas, space for antennas on top of water towers, and concession areas under operating leases. The most significant lease is the lease of the greyhound racing and gambling facility and related parking area to the Dubuque Racing Association (DRA). The City's cost of the leased DRA assets total \$10,144,771. The carrying amount of the assets at June 30, 2014 is \$6,726,624, with \$142,423 of depreciation expense during the year ended June 30, 2014. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2014, the DRA lease generated \$5,275,653 in lease revenue.

NOTE 14 – SUBSEQUENT EVENTS

On November 17, 2014 the City authorized \$18,835,000 Tax-Exempt General Obligation Capital Loan Notes, Series 2014B. The debt will fund Transit Building and Bus Stop Improvements; Ambulance Replacement; Fire Station #2 Improvements; Park Improvements; Bunker Hill Golf Irrigation Improvements; Downtown Loan Pool; Public Works Equipment Replacement; Public Works Curb Ramp Program; Engineering Street Improvements; City Hall Improvements; Downtown ADA Assistance; Public Safety Software Replacement; Parking Improvements; Airport New Terminal Improvements; Sanitary Improvements; and Water Improvements. The interest rate on the bonds range from 3.00% to 3.63%, with a maturity date of June 1, 2034.

On November 17, 2014 the City authorized \$7,615,000 Taxable General Obligation Capital Loan Notes, Series 2014C. The debt will fund a portion of the City match for the Intermodal Facility; Millwork District Parking Improvements; Homeownership Program; Parking Ramp Improvements; Community Housing Initiative Partnership; and Industrial Park Land Acquisition. The interest rate on the bonds range from 3.00% to 4.13%, with a maturity date of June 1, 2034.

On December 15, 2014, Dubuque County, Iowa authorized \$4,500,000 General Obligation Bonds for the purpose of funding the construction of landfill facility improvements by the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), of which the County is an organized member. The proceeds of the bonds will be transferred to the DMASWA in March of 2015. The DMASWA will set up a long term note payable to the County to reimburse the County for all debt service payments related to the 2014 bond issue. The interest rate on the bonds range from 2.00% to 4.00%, with a maturity date of June 1, 2034.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 15 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

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

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.

Statement No. 69, Government combinations and Disposals of Government Operations, issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in the Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date, issued November 2013, will be effective for the fiscal year ending June 30, 2015. The objective of the Statement is to address any issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions.

The City anticipates the implementation of GASB 68 will have an effect on the financial statements, but is not able to ascertain the financial magnitude.

Required Supplementary Information
June 30, 2014
City of Dubuque, Iowa

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**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, 2014**

	Actual	Budgeted Amounts		Final to Actual
		Original	Final	Variance
RECEIPTS				
Property tax	\$ 23,197,623	\$ 23,197,623	\$ 23,197,623	\$ -
Tax increment financing	9,140,253	9,752,170	9,752,170	(611,917)
Other City tax	11,520,635	15,560,397	14,610,397	(3,089,762)
Licenses and permits	4,355,829	1,368,930	1,368,930	2,986,899
Use of money and property	12,432,663	14,021,131	12,774,892	(342,229)
Intergovernmental	28,413,715	32,651,928	57,531,061	(29,117,346)
Charges for fees and service	32,523,827	35,954,213	36,056,828	(3,533,001)
Special assessments	215,949	55,038	960,008	(744,059)
Miscellaneous	13,154,910	7,874,906	10,578,228	2,576,682
Total Receipts	<u>134,955,404</u>	<u>140,436,336</u>	<u>166,830,137</u>	<u>(31,874,733)</u>
EXPENDITURES				
Public safety	26,779,344	27,115,833	27,927,987	1,148,643
Public works	12,103,932	12,223,715	12,993,866	889,934
Health and social services	1,070,846	998,450	1,197,276	126,430
Culture and recreation	11,252,882	10,916,031	11,494,498	241,616
Community and economic development	12,716,967	13,343,613	13,553,575	836,608
General government	7,513,382	7,472,570	7,728,018	214,636
Debt service	7,836,113	7,613,632	7,613,632	(222,481)
Capital projects	26,026,001	25,588,595	73,361,758	47,335,757
Business-type activities	58,089,787	43,723,844	103,928,190	45,838,403
Total Expenditures	<u>163,389,254</u>	<u>148,996,283</u>	<u>259,798,800</u>	<u>96,409,546</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES	<u>(28,433,850)</u>	<u>(8,559,947)</u>	<u>(92,968,663)</u>	<u>64,534,813</u>
OTHER FINANCING SOURCES, NET	<u>19,332,994</u>	<u>6,202,951</u>	<u>38,092,399</u>	<u>(18,759,405)</u>
EXCESS DEFICIENCY OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(9,100,856)</u>	<u>(2,356,996)</u>	<u>(54,876,264)</u>	<u>45,775,408</u>
BALANCE, BEGINNING OF YEAR	<u>69,440,194</u>	<u>25,076,317</u>	<u>76,411,104</u>	<u>-</u>
BALANCE, ENDING OF YEAR	<u>\$ 60,339,338</u>	<u>\$ 22,719,321</u>	<u>\$ 21,534,840</u>	<u>\$ 45,775,408</u>

See Notes to Required Supplementary Information.

CITY OF DUBUQUE, IOWA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 was amended two times during the year to allow the City to increase function expenditures by \$110,802,517 primarily for the carry-forward of unfinished capital improvement projects and expenditure of additional grants for capital improvements. During the year ended June 30, 2014, disbursements in the debt service function exceeded the amount budgeted.

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	\$ 134,955,404	\$ (11,168,389)	\$ 123,787,015	\$ 92,114,175	\$ 31,672,840	\$ 123,787,015
Expenditures/Expenses	163,389,254	(25,911,411)	137,477,843	102,333,079	35,144,764	137,477,843
Deficiency of Receipts/Revenue Under Expenditures/Expenses	(28,433,850)	14,743,022	(13,690,828)	(10,218,904)	(3,471,924)	(13,690,828)
Other Financing Sources	19,332,994	(16,871,406)	2,461,588	(705,802)	3,167,390	2,461,588
Net	(9,100,856)	(2,128,384)	(11,229,240)	(10,924,706)	(304,534)	(11,229,240)
Balance, Beginning	69,440,194	143,973,674	213,413,868	69,544,627	143,869,241	213,413,868
Balance, Ending	\$ 60,339,338	\$ 141,845,290	\$ 202,184,628	\$ 58,619,921	\$ 143,564,707	\$ 202,184,628

CITY OF DUBUQUE, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN (OPEB)
FOR THE YEAR ENDED JUNE 30, 2014

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)
2012	07/01/10	-	5,481,802	5,481,802	0.00%	31,183,497	17.60 %
2013	07/01/12	-	5,720,577	5,720,577	0.00%	31,830,608	18.00 %
2014	07/01/12	-	5,720,577	5,720,577	0.00%	32,626,573	17.53 %

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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.

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

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.

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

PERMANENT FUNDS

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

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

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

**CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Special Revenue Funds			
	Road Use Tax	Section VIII Housing	Employee Benefits	Tort Liability
ASSETS				
Cash and pooled cash investments	\$ 1,023,554	\$ 6,754	\$ -	\$ -
Receivables				
Property tax				
Delinquent	-	-	56,703	3,972
Succeeding year	-	-	5,022,436	373,410
Accounts and other	1,884	36,192	-	-
Special assessments	-	-	-	-
Accrued interest	-	1,651	-	-
Notes	-	-	-	-
Intergovernmental	444,690	4,052	-	-
Prepaid items	26,979	-	-	-
Restricted cash and pooled cash investments	-	541,190	-	-
Total Assets	<u>\$ 1,497,107</u>	<u>\$ 589,839</u>	<u>\$ 5,079,139</u>	<u>\$ 377,382</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 62,281	\$ 90,691	\$ 47	\$ -
Accrued payroll	39,682	2,391	-	-
Intergovernmental payable	-	40,608	-	-
Unearned revenue	-	14,003	-	-
Total Liabilities	<u>101,963</u>	<u>147,693</u>	<u>47</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Succeeding year property tax	-	-	5,022,436	373,410
Special assessments	-	-	-	-
Grants	-	-	-	-
Other	-	-	5,076	349
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>5,027,512</u>	<u>373,759</u>
FUND BALANCES				
Nonspendable:				
Endowment corpus	-	-	-	-
Long-term notes receivable	-	-	-	-
Prepaid items	26,979	-	-	-
Restricted:				
Endowments	-	-	-	-
Library	-	-	-	-
Debt service	-	-	-	-
Capital improvements	1,368,165	-	-	-
Franchise agreement	-	-	-	-
Special assessments	-	-	-	-
Claims	-	-	-	3,623
Iowa Finance Authority Trust	-	-	-	-
Community programs	-	442,146	-	-
Employee benefits	-	-	51,580	-
Committed, capital improvements	-	-	-	-
Total Fund Balances	<u>1,395,144</u>	<u>442,146</u>	<u>51,580</u>	<u>3,623</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,497,107</u>	<u>\$ 589,839</u>	<u>\$ 5,079,139</u>	<u>\$ 377,382</u>

Special Revenue Funds						Capital Projects Funds	
Special Assessments	Cable TV	Library Expendable Gifts Trust	IFA Housing Trust	Community Development	Debt Service	Airport Construction	Sales Tax Construction
\$ 80	\$ 144,028	\$ 1,233,133	\$ 13,664	\$ 2,027,915	\$ 27,123	\$ 1,234,774	\$ 3,453,031
-	-	-	-	-	1,342	-	-
-	-	-	-	-	117,280	-	-
-	156,159	-	-	-	-	-	-
955,503	-	-	-	-	-	-	-
-	540	4,661	-	31,537	102	2,000	9,431
-	-	-	-	7,857,878	-	-	657,518
-	-	-	-	175,797	-	1,075,370	263,566
-	8,420	-	-	20,573	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 955,583</u>	<u>\$ 309,147</u>	<u>\$ 1,237,794</u>	<u>\$ 13,664</u>	<u>\$ 10,113,700</u>	<u>\$ 145,847</u>	<u>\$ 2,312,144</u>	<u>\$ 4,383,546</u>
\$ -	\$ 454	\$ 4,415	\$ -	\$ 23,682	\$ -	\$ 1,194,067	\$ 3,780
-	2,232	-	-	6,931	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,686	4,415	-	30,613	-	1,194,067	3,780
-	-	-	-	-	117,280	-	-
917,342	-	-	-	-	-	-	-
-	-	-	-	115,331	-	760,064	-
-	-	-	-	-	79	-	-
<u>917,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,331</u>	<u>117,359</u>	<u>760,064</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	7,857,878	-	-	657,518
-	8,420	-	-	20,573	-	-	-
-	-	-	-	-	-	-	-
-	-	1,233,379	-	-	-	-	-
-	-	-	-	-	28,488	-	-
-	-	-	-	-	-	358,013	-
-	298,041	-	-	-	-	-	-
38,241	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	13,664	-	-	-	-
-	-	-	-	2,089,305	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,722,248
<u>38,241</u>	<u>306,461</u>	<u>1,233,379</u>	<u>13,664</u>	<u>9,967,756</u>	<u>28,488</u>	<u>358,013</u>	<u>4,379,766</u>
<u>\$ 955,583</u>	<u>\$ 309,147</u>	<u>\$ 1,237,794</u>	<u>\$ 13,664</u>	<u>\$ 10,113,700</u>	<u>\$ 145,847</u>	<u>\$ 2,312,144</u>	<u>\$ 4,383,546</u>

(Continued)

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Capital	Permanent Funds		Total Nonmajor Governmental Funds
	Projects Funds	Ella Lyons Peony Trail Trust	Library Gifts Trust	
	Street Construction			
ASSETS				
Cash and pooled cash investments	\$ 6,532,689	\$ -	\$ -	\$ 15,696,745
Receivables				
Property tax				
Delinquent	-	-	-	62,017
Succeeding year	-	-	-	5,513,126
Accounts and other	75	-	-	194,310
Special assessments	-	-	-	955,503
Accrued interest	19,091	171	47	69,231
Notes	-	-	-	8,515,396
Intergovernmental	867,917	-	-	2,831,392
Prepaid items	-	-	-	55,972
Restricted cash and pooled cash investments	-	139,021	12,356	692,567
Total Assets	<u>\$ 7,419,772</u>	<u>\$ 139,192</u>	<u>\$ 12,403</u>	<u>\$ 34,586,259</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 246,374	\$ -	\$ -	\$ 1,625,791
Accrued payroll	-	-	-	51,236
Intergovernmental payable	-	-	-	40,608
Unearned revenue	-	-	-	14,003
Total Liabilities	<u>246,374</u>	<u>-</u>	<u>-</u>	<u>1,731,638</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Succeeding year property tax	-	-	-	5,513,126
Special assessments	-	-	-	917,342
Grants	278,159	-	-	1,153,554
Other	68,895	-	-	74,399
Total Deferred Inflows of Resources	<u>347,054</u>	<u>-</u>	<u>-</u>	<u>7,658,421</u>
FUND BALANCES				
Nonspendable:				
Endowment corpus	-	57,412	12,000	69,412
Long-term notes receivable	-	-	-	8,515,396
Prepaid items	-	-	-	55,972
Restricted:				
Endowments	-	81,780	403	82,183
Library	-	-	-	1,233,379
Debt service	-	-	-	28,488
Capital improvements	-	-	-	1,726,178
Franchise agreement	-	-	-	298,041
Special assessments	-	-	-	38,241
Claims	-	-	-	3,623
Iowa Finance Authority Trust	-	-	-	13,664
Community programs	-	-	-	2,531,451
Employee benefits	-	-	-	51,580
Committed, capital improvements	6,826,344	-	-	10,548,592
Total Fund Balances	<u>6,826,344</u>	<u>139,192</u>	<u>12,403</u>	<u>25,196,200</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,419,772</u>	<u>\$ 139,192</u>	<u>\$ 12,403</u>	<u>\$ 34,586,259</u>

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CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Road Use Tax	Section VIII Housing	Employee Benefits	Tort Liability
REVENUES				
Taxes	\$ -	\$ -	\$ 5,070,689	\$ 354,684
Special assessments	-	-	-	-
Intergovernmental	5,660,799	4,196,133	-	-
Charges for services	11,454	-	-	-
Investment earnings	116	2,045	-	-
Contributions	-	-	-	-
Miscellaneous	123,129	79,912	-	-
Total Revenues	<u>5,795,498</u>	<u>4,278,090</u>	<u>5,070,689</u>	<u>354,684</u>
EXPENDITURES				
Governmental activities				
Current				
Public works	6,190,010	-	-	-
Health and social services	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	4,471,146	-	-
General government	7,463	-	156	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital projects	5,446	-	-	-
Total Expenditures	<u>6,202,919</u>	<u>4,471,146</u>	<u>156</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(407,421)</u>	<u>(193,056)</u>	<u>5,070,533</u>	<u>354,684</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	261,485	262,497	-	-
Transfers out	(67,562)	(820)	(5,050,937)	(353,043)
Insurance recovery	-	-	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>193,923</u>	<u>261,677</u>	<u>(5,050,937)</u>	<u>(353,043)</u>
NET CHANGE IN FUND BALANCES	<u>(213,498)</u>	<u>68,621</u>	<u>19,596</u>	<u>1,641</u>
FUND BALANCES, BEGINNING	<u>1,608,642</u>	<u>373,525</u>	<u>31,984</u>	<u>1,982</u>
FUND BALANCES, ENDING	<u>\$ 1,395,144</u>	<u>\$ 442,146</u>	<u>\$ 51,580</u>	<u>\$ 3,623</u>

Special Revenue Funds						Capital Projects Funds	
Special Assessments	Cable TV	Library Expendable Gifts Trust	IFA Housing Trust	Community Development	Debt Service	Airport Construction	Sales Tax Construction
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,497	\$ -	\$ 1,642,272
121,052	-	-	-	-	-	-	-
-	-	-	-	2,128,038	49,195	7,285,720	-
-	7,737	1,239	-	6,150	-	211,952	-
74,083	1,397	10,720	-	71,783	487	12,217	27,251
-	-	-	-	-	-	10,108	20
10,961	592,609	109,598	-	97,320	-	800	6,145
<u>206,096</u>	<u>601,743</u>	<u>121,557</u>	<u>-</u>	<u>2,303,291</u>	<u>169,179</u>	<u>7,520,797</u>	<u>1,675,688</u>
-	-	-	-	32,504	-	-	-
-	29,903	-	-	19,780	-	-	-
-	-	107,800	-	128,547	-	-	-
-	-	-	76,238	2,871,150	-	-	-
-	534,952	-	-	8	-	-	-
-	-	-	-	-	4,547,808	-	-
-	-	-	-	-	3,511,206	-	-
-	-	-	-	-	-	9,733,032	1,508,516
<u>-</u>	<u>564,855</u>	<u>107,800</u>	<u>76,238</u>	<u>3,051,989</u>	<u>8,059,014</u>	<u>9,733,032</u>	<u>1,508,516</u>
<u>206,096</u>	<u>36,888</u>	<u>13,757</u>	<u>(76,238)</u>	<u>(748,698)</u>	<u>(7,889,835)</u>	<u>(2,212,235)</u>	<u>167,172</u>
-	-	-	119,846	-	7,901,723	55,000	240,986
(183,122)	(573)	-	(100,347)	-	(108,976)	(152,417)	(1,162,235)
-	-	-	-	-	-	-	-
-	-	-	-	106,042	-	-	-
<u>(183,122)</u>	<u>(573)</u>	<u>-</u>	<u>19,499</u>	<u>106,042</u>	<u>7,792,747</u>	<u>(97,417)</u>	<u>(921,249)</u>
22,974	36,315	13,757	(56,739)	(642,656)	(97,088)	(2,309,652)	(754,077)
15,267	270,146	1,219,622	70,403	10,610,412	125,576	2,667,665	5,133,843
<u>\$ 38,241</u>	<u>\$ 306,461</u>	<u>\$ 1,233,379</u>	<u>\$ 13,664</u>	<u>\$ 9,967,756</u>	<u>\$ 28,488</u>	<u>\$ 358,013</u>	<u>\$ 4,379,766</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, 2014

	Capital	Permanent Funds		Total Nonmajor Governmental Funds
	Projects Funds	Ella Lyons Peony Trail Trust	Library Gifts Trust	
	Street Construction			
REVENUES				
Taxes	\$ 2,463,411	\$ -	\$ -	\$ 9,650,553
Special assessments	-	-	-	121,052
Intergovernmental	1,109,401	-	-	20,429,286
Charges for services	18,453	-	-	256,985
Investment earnings	46,446	8,638	108	255,291
Contributions	-	-	-	10,128
Miscellaneous	3,674	-	-	1,024,148
Total Revenues	<u>3,641,385</u>	<u>8,638</u>	<u>108</u>	<u>31,747,443</u>
EXPENDITURES				
Governmental activities				
Current				
Public works	-	-	-	6,222,514
Health and social services	-	-	-	49,683
Culture and recreation	-	338	-	236,685
Community and economic development	-	-	-	7,418,534
General government	-	-	-	542,579
Debt service				
Principal	-	-	-	4,547,808
Interest and fiscal charges	-	-	-	3,511,206
Capital projects	2,639,752	-	-	13,886,746
Total Expenditures	<u>2,639,752</u>	<u>338</u>	<u>-</u>	<u>36,415,755</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,001,633</u>	<u>8,300</u>	<u>108</u>	<u>(4,668,312)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	264,498	-	-	9,106,035
Transfers out	(179,994)	-	-	(7,360,026)
Insurance recovery	46,878	-	-	46,878
Sale of capital assets	-	-	-	106,042
Total Other Financing Sources (Uses)	<u>131,382</u>	<u>-</u>	<u>-</u>	<u>1,898,929</u>
NET CHANGE IN FUND BALANCES	1,133,015	8,300	108	(2,769,383)
FUND BALANCES, BEGINNING	<u>5,693,329</u>	<u>130,892</u>	<u>12,295</u>	<u>27,965,583</u>
FUND BALANCES, ENDING	<u>\$ 6,826,344</u>	<u>\$ 139,192</u>	<u>\$ 12,403</u>	<u>\$ 25,196,200</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

**CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2014**

EXHIBIT B-1

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
ASSETS					
CURRENT ASSETS					
Cash and pooled cash investments	\$ 584,530	\$ -	\$ -	\$ -	\$ 584,530
Receivables					
Accounts	309,965	2,185	-	-	312,150
Accrued interest	2,210	-	-	-	2,210
Intergovernmental	-	1,004,830	-	-	1,004,830
Total Current Assets	896,705	1,007,015	-	-	1,903,720
NONCURRENT ASSETS					
Restricted cash and pooled cash investments	-	3,670,700	-	-	3,670,700
Capital assets					
Land	-	36,000	-	-	36,000
Buildings	-	1,887,564	175,458	-	2,063,022
Improvements to other than buildings	-	244,232	686,312	-	930,544
Machinery and equipment	2,159,038	5,071,514	36,342	-	7,266,894
Construction in progress	-	2,497,910	-	-	2,497,910
Accumulated depreciation	(910,395)	(3,258,423)	(11,745)	-	(4,180,563)
Net Capital Assets	1,248,643	6,478,797	886,367	-	8,613,807
Total Noncurrent Assets	1,248,643	10,149,497	886,367	-	12,284,507
Total Assets	2,145,348	11,156,512	886,367	-	14,188,227
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	8,649	535,346	30,768	1,605	576,368
Accrued payroll	28,220	38,725	-	-	66,945
General obligation bonds payable	4,506	-	-	-	4,506
Accrued compensated absences	2,541	55	-	-	2,596
Accrued interest payable	259	-	-	-	259
Due to other funds	-	38,181	34,816	-	72,997
Total Current Liabilities	44,175	612,307	65,584	1,605	723,671
NONCURRENT LIABILITIES					
General obligation bonds payable (net of premium of \$460)	90,106	-	-	-	90,106
Accrued Compensated Absences	295,956	3,867	-	-	299,823
Net OPEB Liability	149,875	44,588	-	-	194,463
Total Noncurrent Liabilities	535,937	48,455	-	-	584,392
Total Liabilities	580,112	660,762	65,584	1,605	1,308,063
NET POSITION					
Net investment in capital assets	1,154,031	6,478,797	886,367	-	8,519,195
Restricted by bond ordinance/development agreement	-	3,670,700	-	-	3,670,700
Unrestricted	411,205	346,253	(65,584)	(1,605)	690,269
Total Net Position	\$ 1,565,236	\$ 10,495,750	\$ 820,783	\$ (1,605)	\$ 12,880,164

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT B-2

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
OPERATING REVENUES					
Charges for sales and services	\$ 3,700,922	\$ 198,883	\$ 45,291	\$ -	\$ 3,945,096
Other	-	77,024	309	-	77,333
Total Operating Revenues	3,700,922	275,907	45,600	-	4,022,429
OPERATING EXPENSES					
Employee expense	2,488,318	1,861,199	711	-	4,350,228
Utilities	18,340	55,678	764	-	74,782
Repairs and maintenance	262,938	325,949	12,463	-	601,350
Supplies and services	686,000	1,041,275	37,768	33,579	1,798,622
Insurance	21,610	57,318	-	-	78,928
Depreciation	275,448	505,901	4,762	-	786,111
Total Operating Expenses	3,752,654	3,847,320	56,468	33,579	7,690,021
OPERATING INCOME (LOSS)	(51,732)	(3,571,413)	(10,868)	(33,579)	(3,667,592)
NONOPERATING REVENUES					
Intergovernmental	-	2,582,125	-	-	2,582,125
Investment earnings	6,377	13,882	-	-	20,259
Contributions	-	34,086	-	-	34,086
Interest expense	(3,158)	-	-	-	(3,158)
Gain (loss) on disposal of assets	-	-	175	-	175
Net Nonoperating Revenues	3,219	2,630,093	175	-	2,633,487
INCOME (LOSS) BEFORE TRANSFERS	(48,513)	(941,320)	(10,693)	(33,579)	(1,034,105)
TRANSFERS IN	-	1,004,006	670,577	701	1,675,284
TRANSFERS OUT	(30,621)	-	-	-	(30,621)
CHANGE IN NET POSITION	(79,134)	62,686	659,884	(32,878)	610,558
NET POSITION, BEGINNING	1,644,370	10,433,064	160,899	31,273	12,269,606
NET POSITION, ENDING	\$ 1,565,236	\$ 10,495,750	\$ 820,783	\$ (1,605)	\$ 12,880,164

**CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2014**

EXHIBIT B-3

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 3,698,359	\$ 198,901	\$ 153,934	\$ -	\$ 4,051,194
Cash payments to suppliers for goods and services	(1,214,729)	(1,288,635)	(146,283)	(32,226)	(2,681,873)
Cash payments to employees for services	(2,503,589)	(1,846,126)	(711)	-	(4,350,426)
Other operating receipts	-	77,024	309	-	77,333
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(19,959)</u>	<u>(2,858,836)</u>	<u>7,249</u>	<u>(32,226)</u>	<u>(2,903,772)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	1,004,006	670,577	701	1,675,284
Transfers to other funds	(30,621)	-	-	-	(30,621)
Proceeds from interfund balances	-	38,181	-	-	38,181
Payment of interfund balances	-	-	8,311	-	8,311
Intergovernmental grant proceeds	1,670	2,496,270	-	-	2,497,940
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>(28,951)</u>	<u>3,538,457</u>	<u>678,888</u>	<u>701</u>	<u>4,189,095</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	-	20,300	175	-	20,475
Acquisition and construction of capital assets	-	(1,584,225)	(686,312)	-	(2,270,537)
Contributions	-	34,086	-	-	34,086
Principal Paid	(4,413)	-	-	-	(4,413)
Interest paid	(3,198)	-	-	-	(3,198)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(7,611)</u>	<u>(1,529,839)</u>	<u>(686,137)</u>	<u>-</u>	<u>(2,223,587)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	5,456	13,882	-	64	19,402
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(51,065)	(836,336)	-	(31,461)	(918,862)
CASH AND POOLED INVESTMENTS, BEGINNING	<u>635,594</u>	<u>4,507,036</u>	<u>-</u>	<u>31,461</u>	<u>5,174,091</u>
CASH AND POOLED INVESTMENTS, ENDING	<u>\$ 584,529</u>	<u>\$ 3,670,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,255,229</u>

(Continued)

**CITY OF DUBUQUE, IOWA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2014**

**EXHIBIT B-3
 (continued)**

	Business-type Activities - Enterprise Funds				
	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ (51,732)	\$ (3,571,413)	\$ (10,868)	\$ (33,579)	\$ (3,667,592)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	275,448	505,901	4,762	-	786,111
Change in assets and liabilities					
(Increase)Decrease in receivables	(2,563)	18	108,643	-	106,098
Increase (Decrease) in accounts payable	(225,841)	191,585	(95,288)	1,353	(128,191)
Increase (Decrease) in accrued liabilities	(29,760)	10,726	-	-	(19,034)
Increase in net OPEB liability	14,490	4,347	-	-	18,837
Total Adjustments	<u>31,774</u>	<u>712,577</u>	<u>18,117</u>	<u>1,353</u>	<u>763,821</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (19,958)</u>	<u>\$ (2,858,836)</u>	<u>\$ 7,249</u>	<u>\$ (32,226)</u>	<u>\$ (2,903,771)</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.

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**CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014**

	General Service	Garage Service	Stores/ Printing
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ -	\$ -	\$ -
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	86,924	11,293
Prepaid items	-	-	-
Total Current Assets	<u>-</u>	<u>86,924</u>	<u>11,293</u>
NONCURRENT ASSETS			
Capital assets			
Machinery and equipment	-	106,521	-
Accumulated depreciation	-	(55,822)	-
Net Capital Assets	<u>-</u>	<u>50,699</u>	<u>-</u>
Total Noncurrent Assets	<u>-</u>	<u>50,699</u>	<u>-</u>
Total Assets	<u>-</u>	<u>137,623</u>	<u>11,293</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	120	25,878	-
Accrued payroll	20,267	17,072	-
Due to other funds	18,221	135,385	8,512
Total Current Liabilities	<u>38,608</u>	<u>178,335</u>	<u>8,512</u>
Total Liabilities	<u>38,608</u>	<u>178,335</u>	<u>8,512</u>
NET POSITION			
Net investment in capital assets	-	50,700	-
Unrestricted	(38,608)	(91,412)	2,781
Total Net Position (Deficit)	<u>\$ (38,608)</u>	<u>\$ (40,712)</u>	<u>\$ 2,781</u>

EXHIBIT C-1

	Health Insurance Reserve	Workers' Compensation Reserve	Total
\$	1,843,380	\$ 642,909	\$ 2,486,289
	99,165	-	99,165
	6,968	2,430	9,398
	-	-	98,217
	50,983	-	50,983
	<u>2,000,496</u>	<u>645,339</u>	<u>2,744,052</u>
	-	-	106,521
	-	-	(55,822)
	-	-	50,699
	-	-	50,699
	<u>2,000,496</u>	<u>645,339</u>	<u>2,794,751</u>
	749,763	1,082,310	1,858,071
	-	-	37,339
	-	-	162,118
	<u>749,763</u>	<u>1,082,310</u>	<u>2,057,528</u>
	<u>749,763</u>	<u>1,082,310</u>	<u>2,057,528</u>
	-	-	50,700
	<u>1,250,733</u>	<u>(436,971)</u>	<u>686,523</u>
\$	<u>1,250,733</u>	<u>(436,971)</u>	<u>\$ 737,223</u>

**CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICITS)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	General Service	Garage Service	Stores/ Printing
OPERATING REVENUES			
Charges for sales and services	\$ 2,309,531	\$ 2,464,607	\$ 18,839
Other	-	37,433	-
Total Operating Revenues	<u>2,309,531</u>	<u>2,502,040</u>	<u>18,839</u>
OPERATING EXPENSES			
Employee expense	2,305,191	970,521	-
Utilities	-	28,441	-
Repairs and maintenance	-	35,900	-
Supplies and services	4,874	1,540,048	19,160
Insurance	11,679	23,889	-
Depreciation	-	10,738	-
Total Operating Expenses	<u>2,321,744</u>	<u>2,609,537</u>	<u>19,160</u>
OPERATING INCOME (LOSS)	(12,213)	(107,497)	(321)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	-	-	-
Gain (loss) on disposal of assets	-	6,632	-
INCOME (LOSS) BEFORE TRANSFERS	(12,213)	(100,865)	(321)
TRANSFERS OUT	<u>-</u>	<u>(4,134)</u>	<u>-</u>
CHANGE IN NET POSITION	(12,213)	(104,999)	(321)
NET POSITION (DEFICIT), BEGINNING	<u>(26,395)</u>	<u>64,287</u>	<u>3,102</u>
NET POSITION (DEFICIT), ENDING	<u>\$ (38,608)</u>	<u>\$ (40,712)</u>	<u>\$ 2,781</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 9,353,467	\$ 1,047,505	\$ 15,193,949
117,445	317	155,195
<u>9,470,912</u>	<u>1,047,822</u>	<u>15,349,144</u>
-	-	3,275,712
-	-	28,441
-	-	35,900
8,815,343	529,619	10,909,044
38,222	91,123	164,913
-	-	10,738
<u>8,853,565</u>	<u>620,742</u>	<u>14,424,748</u>
617,347	427,080	924,396
13,527	7,622	21,149
-	-	6,632
630,874	434,702	952,177
-	-	(4,134)
630,874	434,702	948,043
619,859	(871,673)	(210,820)
<u>\$ 1,250,733</u>	<u>\$ (436,971)</u>	<u>\$ 737,223</u>

**CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2014**

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,309,531	\$ 2,464,607	\$ 18,839
Cash payments to suppliers for goods and services	(16,827)	(1,644,704)	(21,222)
Cash payments to employees for services	(2,302,621)	(967,148)	-
Other operating receipts	-	37,433	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(9,917)</u>	<u>(109,812)</u>	<u>(2,383)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(4,134)	-
Proceeds from interfund balances	9,917	107,314	2,382
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>9,917</u>	<u>103,180</u>	<u>2,382</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	6,632	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>6,632</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	-	-	-
CASH AND POOLED INVESTMENTS, BEGINNING	-	-	-
CASH AND POOLED INVESTMENTS, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (12,213)	\$ (107,497)	\$ (321)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	-	10,738	-
Change in assets and liabilities			
(Increase) Decrease in receivables	-	-	-
(Increase) Decrease in inventories and prepaid items	-	4,967	(2,062)
Increase (Decrease) in accounts payable	(274)	(21,393)	-
Increase (Decrease) in accrued liabilities	2,570	3,373	-
Total Adjustments	<u>2,296</u>	<u>(2,315)</u>	<u>(2,062)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (9,917)</u>	<u>\$ (109,812)</u>	<u>\$ (2,383)</u>

EXHIBIT C-3

	<u>Health Insurance Reserve</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$	9,353,302	\$ 1,047,505	\$ 15,193,784
	(8,706,214)	(619,517)	(11,008,483)
	-	-	(3,269,768)
	<u>117,445</u>	<u>317</u>	<u>155,195</u>
	<u>764,533</u>	<u>428,305</u>	<u>1,070,728</u>
			(4,134)
	<u>-</u>	<u>-</u>	<u>119,613</u>
	<u>-</u>	<u>-</u>	<u>115,479</u>
	<u>-</u>	<u>-</u>	<u>6,632</u>
	<u>-</u>	<u>-</u>	<u>6,632</u>
	<u>8,729</u>	<u>5,617</u>	<u>14,345</u>
	773,262	433,922	1,207,184
	<u>1,070,118</u>	<u>208,987</u>	<u>1,279,105</u>
\$	<u><u>1,843,380</u></u>	\$ <u><u>208,987</u></u>	\$ <u><u>2,486,289</u></u>
\$	<u>617,347</u>	\$ <u>427,080</u>	\$ <u>924,396</u>
	-	-	10,738
	(165)	-	(165)
	(50,983)	-	(48,078)
	198,334	1,225	177,893
	-	-	5,944
	<u>147,186</u>	<u>1,225</u>	<u>146,332</u>
\$	<u><u>764,533</u></u>	\$ <u><u>428,305</u></u>	\$ <u><u>1,070,728</u></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, 2014**

EXHIBIT D-1

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
CABLE EQUIPMENT FUND				
ASSETS				
Cash and pooled cash investments	\$ 371,923	\$ 207,527	\$ 69,374	\$ 510,076
Accounts receivable	52,053	2,603	-	54,656
Total Assets	<u>\$ 423,976</u>	<u>\$ 210,130</u>	<u>\$ 69,374</u>	<u>\$ 564,732</u>
LIABILITIES				
Accounts payable	\$ 178	\$ 4,640	\$ 178	\$ 4,640
Due to other agency	423,798	136,294	-	560,092
Total Liabilities	<u>\$ 423,976</u>	<u>\$ 140,934</u>	<u>\$ 178</u>	<u>\$ 564,732</u>
DOG TRACK DEPRECIATION FUND				
ASSETS				
Cash and pooled cash investments	\$ 468,472	\$ 123,860	\$ 40	\$ 592,292
Accrued interest	950	2,239	950	2,239
Total Assets	<u>\$ 469,422</u>	<u>\$ 126,099</u>	<u>\$ 990</u>	<u>\$ 594,531</u>
LIABILITIES				
Due to other agency	<u>\$ 469,422</u>	<u>\$ 125,109</u>	<u>\$ -</u>	<u>\$ 594,531</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and pooled cash investments	\$ 840,395	\$ 331,387	\$ 69,414	\$ 1,102,368
Accounts receivable	52,053	2,603	-	54,656
Accrued interest	950	2,239	950	2,239
Total Assets	<u>\$ 893,398</u>	<u>\$ 336,229</u>	<u>\$ 70,364</u>	<u>\$ 1,159,263</u>
LIABILITIES				
Accounts payable	\$ 178	\$ 4,640	\$ 178	\$ 4,640
Due to other agency	893,220	261,403	-	1,154,623
Total Liabilities	<u>\$ 893,398</u>	<u>\$ 266,043</u>	<u>\$ 178</u>	<u>\$ 1,159,263</u>

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Statistical Section (Unaudited)
June 30, 2014
City of Dubuque, Iowa

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CITY OF DUBUQUE, IOWA

STATISTICAL SECTION

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

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Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	128
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	138
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	142
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	152
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	154

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

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

	2005	2006	2007	2008	Fiscal - 2009
Governmental activities					
Net investment in capital assets	\$ 249,881,646	\$ 267,762,059	\$ 288,978,975	\$ 296,143,451	\$ 298,855,346
Restricted	24,180,874	21,693,357	23,900,328	31,970,724	27,171,123
Unrestricted	11,236,870	15,132,486	21,921,571	18,987,841	(5,280,715)
Total governmental activities net position	<u>\$ 285,299,390</u>	<u>\$ 304,587,902</u>	<u>\$ 334,800,874</u>	<u>\$ 347,102,016</u>	<u>\$ 320,745,754</u>
Business-type activities					
Net investment in capital assets	\$ 93,036,089	\$ 88,802,536	\$ 91,483,532	\$ 95,104,575	\$ 120,473,286
Restricted	554,205	554,294	554,318	554,505	770,157
Unrestricted	12,854,730	13,258,072	11,214,900	11,312,806	12,321,125
Total business-type activities net position	<u>\$ 106,445,024</u>	<u>\$ 102,614,902</u>	<u>\$ 103,252,750</u>	<u>\$ 106,971,886</u>	<u>\$ 133,564,568</u>
Primary government					
Net investment in capital assets	\$ 342,917,735	\$ 356,564,595	\$ 380,462,507	\$ 391,248,026	\$ 419,328,632
Restricted	24,735,079	22,247,651	24,454,646	32,525,229	27,941,280
Unrestricted	24,091,600	28,390,558	33,136,471	30,300,647	7,040,410
Total primary government net positions	<u>\$ 391,744,414</u>	<u>\$ 407,202,804</u>	<u>\$ 438,053,624</u>	<u>\$ 454,073,902</u>	<u>\$ 454,310,322</u>

TABLE 1

Year				
2010	2011	2012	2013	2014
\$ 309,126,684	\$ 329,416,245	\$ 347,890,769	\$ 342,046,442	\$ 354,732,451
26,064,318	23,738,199	26,180,100	23,491,207	21,501,638
(11,256,312)	(4,891,381)	(16,876,988)	(8,361,688)	(18,151,279)
<u>\$ 323,934,690</u>	<u>\$ 348,263,063</u>	<u>\$ 357,193,881</u>	<u>\$ 357,175,961</u>	<u>\$ 358,082,810</u>
\$ 124,805,513	\$ 135,026,753	\$ 132,237,734	\$ 138,498,777	\$ 138,842,390
129,642	893,519	957,802	6,011,848	5,315,519
11,679,961	2,603,799	10,665,596	(641,384)	(593,202)
<u>\$ 136,615,116</u>	<u>\$ 138,524,071</u>	<u>\$ 143,861,132</u>	<u>\$ 143,869,241</u>	<u>\$ 143,564,707</u>
\$ 433,932,197	\$ 464,442,998	\$ 480,128,503	\$ 480,545,219	\$ 493,574,841
26,193,960	24,631,718	27,137,902	29,503,055	26,817,157
423,649	(2,287,582)	(6,211,392)	(9,003,072)	(18,744,481)
<u>\$ 460,549,806</u>	<u>\$ 486,787,134</u>	<u>\$ 501,055,013</u>	<u>\$ 501,045,202</u>	<u>\$ 501,647,517</u>

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

	Fiscal -				
	2005	2006	2007	2008	2009
Expenses					
Governmental activities:					
Public safety	\$ 18,636,877	\$ 18,892,980	\$ 20,326,724	\$ 16,966,210	\$ 22,038,265
Public works	17,088,983	16,390,322	16,505,560	18,847,068	19,079,688
Health and social services	654,469	678,748	759,367	800,566	849,237
Culture and recreation	8,474,183	9,627,505	9,837,299	10,857,409	12,640,716
Community and economic development	9,680,046	8,541,167	11,965,805	11,961,584	12,693,140
General government	4,048,475	3,868,687	4,940,154	5,804,003	6,423,908
Interest on long-term debt	1,298,367	1,460,730	1,400,748	2,577,417	3,164,126
Total governmental activities expenses	<u>59,881,400</u>	<u>59,460,139</u>	<u>65,735,657</u>	<u>67,814,257</u>	<u>76,889,080</u>
Business-type activities:					
Sewage disposal works	4,656,172	5,298,353	5,814,076	6,141,524	6,326,708
Water utility	4,232,489	4,700,483	4,780,063	4,814,692	6,100,491
Stormwater utility	1,114,811	1,153,628	1,198,675	1,706,735	2,138,198
Parking facilities	1,604,071	1,629,427	1,611,447	2,173,110	2,147,405
America's River Project	515,570	82,617	434,667	126,699	61,927
Refuse collection	2,202,800	2,463,795	2,496,018	2,724,050	2,788,665
Transit system	2,326,908	2,555,080	2,760,459	2,703,983	2,625,145
Salt	-	-	-	-	-
Total business-type activities expenses	<u>16,652,821</u>	<u>17,883,383</u>	<u>19,095,405</u>	<u>20,390,793</u>	<u>22,188,539</u>
Total primary government expenses	<u>\$ 76,534,221</u>	<u>\$ 77,343,522</u>	<u>\$ 84,831,062</u>	<u>\$ 88,205,050</u>	<u>\$ 99,077,619</u>
Program Revenues					
Governmental activities:					
Charges for services					
Public safety	1,900,938	1,809,481	1,857,324	2,088,723	2,020,625
Public works	3,371,073	3,370,291	4,839,781	4,061,883	4,456,364
Culture and recreation	2,143,246	2,218,315	2,251,562	2,109,571	2,279,688
Other activities	945,712	895,920	1,074,550	1,382,889	1,557,597
Operating grants and contributions	14,603,106	12,902,410	11,641,904	11,709,123	12,599,967
Capital grants and contributions	6,919,296	6,881,573	23,741,282	8,032,602	4,811,729
Total governmental activities program revenues	<u>29,883,371</u>	<u>28,077,990</u>	<u>45,406,403</u>	<u>29,384,791</u>	<u>27,725,970</u>
Business-type activities:					
Charges for services					
Sewage disposal works	4,552,587	5,077,491	5,259,432	5,484,079	5,904,535
Water utility	4,224,074	4,669,340	4,743,896	4,875,530	5,320,642
Stormwater utility	684,570	928,850	1,227,243	1,766,334	2,291,249
Parking facilities	1,889,937	1,886,642	1,977,757	2,141,607	2,224,185
America's River Project	26,061	51,373	3,099	2,140	-
Refuse collection	2,283,677	2,397,525	2,642,251	2,710,583	2,872,649
Transit system	389,106	341,743	237,088	195,817	196,260
Salt	-	-	-	-	-
Operating grants and contributions	651,967	920,762	1,167,344	1,209,636	1,095,946
Capital grants and contributions	3,030,378	2,769,657	1,670,874	2,830,263	3,613,321
Total business-type activities program revenues	<u>17,732,357</u>	<u>19,043,383</u>	<u>18,928,984</u>	<u>21,215,989</u>	<u>23,518,787</u>
Total primary government program revenues	<u>\$ 47,615,728</u>	<u>\$ 47,121,373</u>	<u>\$ 64,335,387</u>	<u>\$ 50,600,780</u>	<u>\$ 51,244,757</u>

TABLE 2

Year									
2010		2011		2012		2013		2014	
\$	22,067,988	\$	23,759,068	\$	26,326,367	\$	28,292,481	\$	27,578,517
	22,121,629		18,978,423		22,917,747		21,607,536		21,306,882
	852,099		1,072,347		913,954		716,970		1,055,398
	11,446,084		10,911,733		12,749,558		13,647,178		13,696,331
	15,422,099		12,890,841		22,030,950		17,388,720		14,591,257
	7,963,016		9,052,704		6,133,983		6,248,483		9,610,084
	3,101,897		3,294,951		3,294,912		4,049,640		3,684,993
	<u>82,974,812</u>		<u>79,960,067</u>		<u>94,367,471</u>		<u>91,951,008</u>		<u>91,523,462</u>
	6,631,326		7,899,011		9,718,669		9,375,748		11,481,103
	6,093,827		6,523,993		7,410,710		6,817,772		8,812,340
	2,213,144		2,811,321		2,750,767		3,347,304		3,431,096
	4,003,776		4,775,834		3,152,055		3,586,405		3,732,492
	423,158		180,086		22,787		22,770		33,579
	2,703,887		2,828,891		3,173,075		3,468,859		3,750,366
	2,832,066		2,947,958		3,629,750		3,492,095		3,847,320
	-		671,647		661,395		346,066		56,468
	<u>24,901,184</u>		<u>28,638,741</u>		<u>30,519,208</u>		<u>30,457,019</u>		<u>35,144,764</u>
\$	<u>107,875,996</u>	\$	<u>108,598,808</u>	\$	<u>124,886,679</u>	\$	<u>122,408,027</u>	\$	<u>126,668,226</u>
	2,348,064		2,579,573		2,915,562		2,495,737		2,624,455
	4,046,583		5,331,667		5,178,439		4,472,479		5,829,293
	2,192,886		2,108,177		2,321,553		2,488,844		2,321,265
	2,412,880		2,530,234		2,873,298		3,264,979		3,921,256
	20,830,113		14,204,627		23,013,997		13,995,316		12,784,907
	10,748,522		23,482,866		16,560,811		10,791,945		12,162,649
	<u>42,579,048</u>		<u>50,237,144</u>		<u>52,863,660</u>		<u>37,509,300</u>		<u>39,643,825</u>
	5,893,730		6,643,974		7,827,281		8,924,785		10,025,673
	5,326,202		5,638,277		6,037,073		6,922,582		7,248,790
	2,282,625		2,993,539		3,180,134		3,192,256		3,224,504
	2,399,843		2,750,610		2,908,989		2,883,865		2,920,148
	7,000		-		-		-		-
	2,893,017		3,082,197		3,257,960		3,346,795		3,700,922
	273,433		193,236		278,835		307,314		275,907
	-		773,258		665,942		395,000		45,600
	1,652,277		2,773,933		1,579,493		2,264,695		1,717,208
	3,800,582		6,536,527		5,323,486		1,240,583		2,920,942
	<u>24,528,709</u>		<u>31,385,551</u>		<u>31,059,193</u>		<u>29,477,875</u>		<u>32,079,694</u>
\$	<u>67,107,757</u>	\$	<u>81,622,695</u>	\$	<u>83,922,853</u>	\$	<u>66,987,175</u>	\$	<u>71,723,519</u>

(Continued)

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

	Fiscal -				
	2005	2006	2007	2008	2009
Net (Expense)/Revenue					
Governmental activities	\$ (29,998,029)	\$ (31,382,149)	\$ (20,329,254)	\$ (38,429,466)	\$ (49,163,110)
Business-type activities	1,079,536	1,160,000	(166,421)	825,196	1,330,248
Total primary government net expense	<u>\$ (28,918,493)</u>	<u>\$ (30,222,149)</u>	<u>\$ (20,495,675)</u>	<u>\$ (37,604,270)</u>	<u>\$ (47,832,862)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
General Revenues					
Property taxes	19,767,492	19,716,620	21,656,908	22,744,563	23,716,819
Local option sales tax	6,963,124	7,336,124	7,817,403	8,020,889	7,649,853
Hotel/motel tax	1,383,660	1,862,439	1,569,743	1,622,455	1,611,954
Utility franchise fees	1,310,064	1,521,201	1,492,920	1,516,123	1,486,292
Gaming	11,694,105	14,034,847	15,556,551	15,346,468	9,627,391
Unrestricted investment earnings	1,190,337	1,081,141	1,870,403	2,741,499	2,215,413
Gain on sale of capital assets	170,642	77,627	-	92,525	407,503
Other	560,789	572,602	586,931	898,241	918,605
Transfers	<u>(1,684,581)</u>	<u>5,033,974</u>	<u>(7,633)</u>	<u>(2,252,155)</u>	<u>(24,826,982)</u>
Total governmental activities	<u>41,355,632</u>	<u>51,236,575</u>	<u>50,543,226</u>	<u>50,730,608</u>	<u>22,806,848</u>
Business-type activities:					
General Revenues					
Unrestricted investment earnings	322,884	339,599	796,636	630,049	433,148
Gain on sale of capital assets	36	703	-	11,736	2,304
Extraordinary item	-	-	-	-	-
Transfers	<u>1,684,581</u>	<u>(5,033,974)</u>	<u>7,633</u>	<u>2,252,155</u>	<u>24,826,982</u>
Total business-type activities	<u>2,007,501</u>	<u>(4,693,672)</u>	<u>804,269</u>	<u>2,893,940</u>	<u>25,262,434</u>
Total primary government	<u>\$ 43,363,133</u>	<u>\$ 46,542,903</u>	<u>\$ 51,347,495</u>	<u>\$ 53,624,548</u>	<u>\$ 48,069,282</u>
Change in Net Position					
Governmental activities	\$ 11,357,603	\$ 19,854,426	\$ 30,213,972	\$ 12,301,142	\$ (26,356,262)
Business-type activities	<u>3,087,037</u>	<u>(3,533,672)</u>	<u>637,848</u>	<u>3,719,136</u>	<u>26,592,682</u>
Total primary government	<u>\$ 14,444,640</u>	<u>\$ 16,320,754</u>	<u>\$ 30,851,820</u>	<u>\$ 16,020,278</u>	<u>\$ 236,420</u>

TABLE 2
(Continued)

Year				
2010	2011	2012	2013	2014
\$ (40,395,764)	\$ (29,722,923)	\$ (41,503,811)	\$ (54,441,708)	\$ (51,879,637)
(372,475)	2,746,810	539,985	(979,144)	(3,065,070)
<u>\$ (40,768,239)</u>	<u>\$ (26,976,113)</u>	<u>\$ (40,963,826)</u>	<u>\$ (55,420,852)</u>	<u>\$ (54,944,707)</u>
24,876,073	28,249,114	30,816,614	32,668,554	33,264,283
8,112,471	7,929,761	8,459,888	8,764,787	8,211,366
1,678,806	1,826,809	1,903,944	1,953,763	2,006,514
1,591,712	2,488,858	2,272,481	2,568,347	2,609,421
8,209,761	13,327,223	8,785,453	8,452,298	7,878,008
1,339,709	668,363	1,529,149	201,153	777,958
-	149,937	1,417,048	907,122	483,782
880,930	622,494	-	-	-
(3,104,762)	(1,211,263)	(4,749,948)	(1,092,236)	(2,444,846)
<u>43,584,700</u>	<u>54,051,296</u>	<u>50,434,629</u>	<u>54,423,788</u>	<u>52,786,486</u>
294,562	184,581	206,672	65,351	135,461
23,699	19,337	84,178	384,697	180,229
-	(2,253,036)	(243,722)	(555,031)	-
3,104,762	1,211,263	4,749,948	1,092,236	2,444,846
<u>3,423,023</u>	<u>(837,855)</u>	<u>4,797,076</u>	<u>987,253</u>	<u>2,760,536</u>
<u>\$ 47,007,723</u>	<u>\$ 53,213,441</u>	<u>\$ 55,231,705</u>	<u>\$ 55,411,041</u>	<u>\$ 55,547,022</u>
\$ 3,188,936	\$ 24,328,373	\$ 8,930,818	\$ (17,920)	\$ 906,849
3,050,548	1,908,955	5,337,061	8,109	(304,534)
<u>\$ 6,239,484</u>	<u>\$ 26,237,328</u>	<u>\$ 14,267,879</u>	<u>\$ (9,811)</u>	<u>\$ 602,315</u>

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

	2005	2006	2007	2008	Fiscal - 2009
General Fund					
Reserved	\$ 3,169,453	\$ 1,477,141	\$ 4,455,303	\$ 1,699,825	\$ 4,864,701
Unreserved	13,706,134	16,050,997	17,827,631	17,982,016	14,206,181
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 16,875,587</u>	<u>\$ 17,528,138</u>	<u>\$ 22,282,934</u>	<u>\$ 19,681,841</u>	<u>\$ 19,070,882</u>
All Other Governmental Funds					
Reserved	\$ 13,607,759	\$ 15,564,016	\$ 13,942,519	\$ 31,887,038	\$ 19,634,305
Unreserved, reported in:					
Special revenue funds	5,777,233	7,277,471	7,586,898	7,431,931	5,981,390
Debt service fund	(56,320)	-	-	-	-
Capital projects funds	11,191,461	(981,248)	4,195,354	7,875,448	5,659,214
Permanent funds	73,628	83,367	115,825	33,958	35,550
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 30,593,761</u>	<u>\$ 21,943,606</u>	<u>\$ 25,840,596</u>	<u>\$ 47,228,375</u>	<u>\$ 31,310,459</u>

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

TABLE 3

Year					
	2010	2011*	2012	2013	2014
\$	5,199,760	\$ -	\$ -	\$ -	\$ -
	8,622,705	-	-	-	-
	-	868,631	5,613,359	6,646,278	6,549,063
	-	8,904,490	5,549,803	3,434,440	1,904,805
	-	6,139,306	9,371,016	8,806,171	7,356,066
\$	<u>13,822,465</u>	<u>\$ 15,912,427</u>	<u>\$ 20,534,178</u>	<u>\$ 18,886,889</u>	<u>\$ 15,809,934</u>
\$	24,404,656	\$ -	\$ -	\$ -	\$ -
	4,011,022	-	-	-	-
	-	-	-	-	-
	(989,025)	-	-	-	-
	33,273	-	-	-	-
	-	10,320,305	10,975,468	9,092,520	8,640,780
	-	18,010,570	31,362,126	30,738,046	23,620,615
	-	5,203,472	5,843,671	10,827,172	10,548,592
	-	(377,363)	(429,344)	-	-
\$	<u>27,459,926</u>	<u>\$ 33,156,984</u>	<u>\$ 47,751,921</u>	<u>\$ 50,657,738</u>	<u>\$ 42,809,987</u>

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

	2005	2006	2007	2008	Fiscal - 2009
Revenues					
Taxes	\$ 29,430,135	\$ 30,043,167	\$ 32,526,525	\$ 33,898,692	\$ 34,454,146
Special assessments	197,195	322,214	586,459	177,585	250,372
Licenses and permits	1,078,722	965,712	1,052,896	1,153,429	1,088,386
Intergovernmental	18,370,358	15,021,722	16,744,703	14,256,523	15,796,822
Charges for services	5,918,542	6,620,243	7,351,191	7,833,151	8,029,189
Fines and forfeits	267,536	204,201	158,360	188,603	199,839
Investment earnings	1,197,691	1,096,445	1,913,420	2,731,953	2,206,382
Contributions	306,809	246,908	1,168,463	6,134,002	1,369,759
Gaming	11,694,105	14,034,847	15,556,551	15,346,468	9,627,391
Miscellaneous	1,573,305	1,106,991	1,149,546	1,269,376	1,600,679
Total revenues	70,034,398	69,662,450	78,208,114	82,989,782	74,622,965
Expenditures					
Current					
Public safety	18,652,246	19,535,369	20,743,196	21,542,661	21,335,192
Public works	21,301,239	11,605,567	12,506,378	16,331,107	14,261,551
Health and social services	662,231	715,598	783,209	797,644	815,873
Culture and recreation	8,180,832	9,998,462	10,244,244	10,277,787	12,227,506
Community and economic development	9,825,470	9,981,645	11,695,902	11,847,512	11,953,279
General government	4,022,785	4,090,866	4,441,043	6,310,939	5,836,839
Debt service					
Principal	1,769,960	1,325,970	1,663,339	1,762,375	2,169,678
Interest	1,240,427	1,493,504	1,412,012	2,406,431	3,095,166
Capital projects	8,226,840	14,528,340	8,227,257	15,351,848	24,274,120
Total expenditures	73,882,030	73,275,321	71,716,580	86,628,304	95,969,204
Excess (deficiency) of revenues over (under) expenditures	(3,847,632)	(3,612,871)	6,491,534	(3,638,522)	(21,346,239)
Other Financing Sources (Uses)					
Issuance of bonds	-	13,682	743,591	23,083,696	5,905,000
Discount on bonds	(58,487)	-	-	(266,158)	(48,516)
Premiums on bonds	-	-	-	-	-
Issuance of refunding bonds	7,277,665	1,515,750	-	2,965,000	-
Payment to refunded bonds escrow agent	-	(1,494,371)	-	(2,875,000)	-
Transfers in	12,981,655	7,334,605	10,394,726	14,801,589	7,451,152
Transfers out	(16,105,184)	(11,904,890)	(11,789,548)	(18,185,109)	(9,084,228)
Insurance recovery	-	-	-	-	-
Sale of capital assets	170,642	150,491	2,811,483	2,901,190	593,956
Total other financing sources (uses)	4,266,291	(4,384,733)	2,160,252	22,425,208	4,817,364
Net change in fund balances	\$ 418,659	\$ (7,997,604)	\$ 8,651,786	\$ 18,786,686	\$ (16,528,875)
Debt service as a percentage of noncapital expenditures	5.46 %	4.99 %	5.01 %	6.55 %	7.68 %

TABLE 4

Year									
2010		2011		2012		2013		2014	
\$	36,252,156	\$	40,428,894	\$	43,443,669	\$	45,440,973	\$	46,034,361
	318,178		232,535		596,138		175,486		154,692
	1,115,472		1,170,922		1,570,022		1,271,771		1,136,941
	27,310,624		26,171,082		37,574,783		26,580,831		23,050,052
	8,063,284		8,723,086		9,296,329		8,952,179		10,264,257
	224,601		454,117		525,389		484,128		455,219
	1,348,615		654,587		1,511,437		180,016		756,809
	2,333,995		1,297,621		1,578,376		370,154		678,561
	8,209,761		13,327,223		8,785,453		8,452,298		7,878,008
	2,111,834		2,075,262		1,319,558		1,315,915		1,705,275
	<u>87,288,520</u>		<u>94,535,329</u>		<u>106,201,154</u>		<u>93,223,751</u>		<u>92,114,175</u>
	21,979,729		23,950,386		24,476,772		26,506,714		27,644,190
	19,251,625		14,429,415		12,385,929		13,416,108		13,942,772
	813,609		1,040,114		828,837		680,466		1,049,194
	14,909,517		11,279,951		10,873,474		11,218,019		12,351,497
	14,654,816		12,361,176		22,237,140		18,678,496		14,420,980
	6,368,308		7,686,929		6,335,947		5,035,108		5,898,293
	2,651,765		2,820,371		3,224,680		3,182,240		4,595,808
	3,145,735		3,321,157		3,220,546		3,991,115		3,650,694
	14,831,118		15,102,893		23,459,891		16,636,698		18,779,651
	<u>98,606,222</u>		<u>91,992,392</u>		<u>107,043,216</u>		<u>99,344,964</u>		<u>102,333,079</u>
	(11,317,702)		2,542,937		(842,062)		(6,121,213)		(10,218,904)
	4,722,176		6,996,722		27,215,363		6,577,268		-
	(31,990)		(39,547)		(71,689)		-		-
	554,796		1,642		123,990		-		-
	8,885,000		705,000		-		4,949,148		-
	(9,405,000)		(690,000)		-		(4,949,148)		-
	7,993,297		15,850,523		8,773,387		15,295,630		15,862,516
	(10,562,137)		(18,961,892)		(18,336,603)		(16,981,203)		(17,294,762)
	-		628,482		132,425		49,209		59,796
	62,610		753,153		2,221,877		2,438,837		666,648
	<u>2,218,752</u>		<u>5,244,083</u>		<u>20,058,750</u>		<u>7,379,741</u>		<u>(705,802)</u>
\$	<u>(9,098,950)</u>	\$	<u>7,787,020</u>	\$	<u>19,216,688</u>	\$	<u>1,258,528</u>	\$	<u>(10,924,706)</u>
	7.74 %		8.49 %		7.65 %		8.57 %		9.51 %

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

TABLE 5

Levy Year	Fiscal Year	Real Property		Exemptions	Total		Total Taxable Value to Total Assessed Value	Total Direct Tax Rate
		Taxable Value	Assessed Value	Real Property	Taxable Value	Assessed Value		
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	10.31685
2007	2009	1,949,071	3,171,681	9,298	1,939,773	3,171,681	61.16	9.96904
2008	2010	2,033,135	3,239,112	9,246	2,023,889	3,239,112	62.48	9.85777
2009	2011	2,159,622	3,349,823	8,885	2,150,737	3,349,823	64.20	10.02742
2010	2012	2,243,474	3,406,186	8,875	2,234,599	3,406,186	65.60	10.45111
2011	2013	2,337,129	3,476,638	8,872	2,328,257	3,476,638	66.97	10.78478
2012	2014	2,398,151	3,503,774	8,799	2,389,352	3,503,774	68.19	11.02586

Source: Dubuque County Assessor's and Auditor's Offices

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

TABLE 6

Levy Year	Fiscal Year	Dubuque City	Dubuque School District	Board of Education and Independents	Area 1 Voc. Tech	Dubuque County	Total	Ratio of Dubuque City to Total
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
2011	2013	10.78477	15.40388	0.71653	0.98407	6.43124	34.32049	31.42
2012	2014	11.02586	14.60281	0.75274	0.90455	6.43124	33.71720	32.70

Separate components of the Dubuque City Rate is as follows:

Levy Year	Fiscal Year	General	Public Transit	Insurance	Employee Benefits	Debt Service	Total
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
2011	2013	8.10000	0.49516	0.13965	2.02267	0.02729	10.78477
2012	2014	8.10000	0.38382	0.16288	2.33093	0.04823	11.02586

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	2014			2005		
	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	\$ 61,326	1	2.56 %	\$		%
Kennedy Mall Inc.	35,312	2	1.47	23,834	1	1.43
Progressive Processing LLC (Hormel)	21,397	3	0.89			
Medical Associates Realty LP	21,307	4	0.89	17,880	2	1.07
Nordstrom, Inc.	18,599	5	0.78	16,723	4	1.00
Walter Development LLC	16,639	6	0.69			
The McGraw Hill Companies Inc.	15,907	7	0.66			
Otto A LLC	14,100	8	0.59	17,500	3	1.05
Platinum Holdings LLC	11,817	9	0.49	10,162	6	0.61
Flexsteel Industries Inc.	11,409	10	0.48			
Asbury Dubuque LLC				9,095	8	0.55
Minglewood Limited Partnership				9,043	9	0.54
U.S. West Communications				8,783	10	0.53
American Trust & Savings Bank				10,531	5	0.63
Lexington Dubuque LLC				9,815	7	0.59
	<u>\$ 227,813</u>		<u>9.50 %</u>	<u>\$ 133,366</u>		<u>8.00 %</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

<u>Fiscal Year</u>	<u>Levy Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (2)</u>	<u>Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
2005	2004	16,408	16,383	99.9 %	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	18,690	98.4	5	18,695	98.4	262	1.38
2010	2009	19,124	19,117	99.9	(10)	19,107	99.9	202	1.06
2011	2010	19,906	19,793	99.4	13	19,806	99.5	276	1.39
2012	2011	21,340	21,339	100.0	1	21,340	100.1	185	0.87
2013	2012	22,789	22,752	99.8	7	22,759	99.9	182	0.80
2014	2013	23,993	23,915	99.7	8	23,923	99.7	211	0.88

(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
2005	\$ 24,902,241	\$ 3,450,820	\$ 622,211	\$ -
2006	24,036,627	3,040,304	590,439	-
2007	22,870,646	2,594,831	1,279,885	-
2008	21,752,907	24,879,116	1,279,885	-
2009	25,941,693	24,363,262	1,169,684	150,000
2010	27,887,864	24,449,674	1,049,696	282,857
2011	32,561,048	23,037,222	1,931,348	282,857
2012	53,087,811	22,258,283	1,767,664	4,735,714
2013	56,517,165	21,920,537	1,235,903	5,638,871
2014	52,568,648	21,556,435	1,030,036	5,541,428

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

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

* Personal Income unavailable at report date

TABLE 9

General Obligation Bonds	Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Capital Loan Notes	Revenue Bonds	Other Loans Payable			
\$ 8,037,594	\$ -	\$ 1,150,000	\$ -	\$ 38,162,866	2.01 %	\$ 663
11,428,712	-	940,000	-	40,036,082	2.01	694
10,895,593	-	720,000	-	38,360,955	1.81	665
11,384,371	611,977	490,000	-	60,398,256	2.66	2,174
14,448,770	3,914,076	1,434,713	390,890	71,813,088	3.22	1,245
23,957,802	8,289,621	1,115,430	371,978	87,404,922	3.88	1,515
25,254,652	33,195,408	6,777,793	2,252,109	125,292,437	5.12	2,174
35,108,003	61,957,749	6,521,188	331,235	185,767,647	7.14	3,223
34,921,131	75,415,431	6,260,299	309,304	202,218,641	7.77	3,508
32,738,862	82,924,949	14,151,437	286,263	210,798,058	*	3,657

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

TABLE 10

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Taxable Value of Property</u>	<u>Percentage of Taxable Value of Property</u>	<u>Assessed Value of Property</u>	<u>Percentage of Assessed Value of Property</u>	<u>Per Capita</u>
2005	\$ 32,940	\$ 1,656,434	1.99 %	\$ 2,575,400	1.28 %	\$ 571
2006	35,465	1,700,472	2.09 %	2,679,078	1.32 %	615
2007	33,766	1,771,232	1.91 %	2,804,658	1.20 %	585
2008	33,137	1,814,365	1.83 %	2,870,178	1.15 %	574
2009	40,390	1,939,773	2.08 %	3,171,681	1.27 %	700
2010	51,846	2,023,899	2.56 %	3,239,112	1.60 %	899
2011	57,816	2,159,622	2.68 %	3,349,823	1.73 %	1,003
2012	88,196	2,243,474	3.93 %	3,406,186	2.59 %	1,530
2013	91,438	2,337,129	3.91 %	3,476,638	2.63 %	1,586
2014	85,308	2,398,151	3.56 %	3,503,774	2.43 %	1,480

**CITY OF DUBUQUE, IOWA
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2014**

TABLE 11

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding (1)</u>	<u>Tax Increment Financing Bonds</u>	<u>Tax Increment Financing Notes</u>	<u>Sales Tax Revenue Bonds</u>	<u>Loans Payable</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to Government</u>
Direct, City of Dubuque, Iowa	\$ 52,568,648	\$ 21,556,435	\$ 1,030,036	\$ -	\$ 5,541,428	100.00 %	\$ 80,696,547
Overlapping:							
Dubuque County	-	-	-	-	1,237,475	0.06 %	742
Dubuque Community School District	-	-	-	33,033,000	-	100.00 %	33,033,000
Northeast Iowa Community College	-	-	-	-	57,595,000	0.06 %	34,557
Total Overlapping	-	-	-	33,033,000	58,832,475		33,068,299
Total	\$ 52,568,648	\$ 21,556,435	\$ 1,030,036	\$ 33,033,000	\$ 64,373,903		\$ 113,764,846

Source: Dubuque County Auditor, Dubuque Community School District and Northeast Iowa Community College

(1) Excludes debt reported in enterprise funds.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Dubuque. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF DUBUQUE, IOWA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debit limit	\$ 133,149	\$ 138,789	\$ 145,401	\$ 148,824
Total net debt applicable to limit	<u>37,177</u>	<u>39,443</u>	<u>38,060</u>	<u>60,485</u>
Legal debit margin	<u>\$ 95,972</u>	<u>\$ 99,346</u>	<u>\$ 107,341</u>	<u>\$ 88,339</u>
Total net debt applicable to the debt limit as a percentage of debt limit	27.92%	28.42 %	26.18 %	40.64%

TABLE 12

2009	2010	2011	2012	2013	2014
\$ 163,621	\$ 167,247	\$ 174,333	\$ 177,668	\$ 181,668	\$ 183,621
76,182	101,152	92,443	142,316	143,303	149,923
<u>\$ 87,439</u>	<u>\$ 66,095</u>	<u>\$ 81,890</u>	<u>\$ 35,352</u>	<u>\$ 38,365</u>	<u>\$ 33,698</u>
46.56 %	60.48 %	53.03 %	80.10 %	78.88 %	81.65 %

Legal Debt Margin Calculation for Fiscal Year 2014

Estimated actual value	<u>\$ 3,672,428,057</u>
Debt limit - 5% of total actual valuation	\$ 183,621,403
Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund)	<u>\$ 149,922,546</u>
Legal debt margin	<u>\$ 33,698,857</u>

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

TABLE 13

WATER 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	
				2008	\$ 4,933	\$ 3,959	
2009	5,391	5,196	195	70	52	122	1.60
2010	5,353	5,153	200	70	182	252	0.79
2011	5,680	5,316	364	255	238	493	0.74
2012	6,087	5,895	192	260	231	491	0.39
2013	6,944	5,391	1,553	432	344	776	2.00
2014	7,283	7,384	(101)	275	218	493	(0.20)

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	
2010	2,357	1,320	1,037	100	178	278	3.73
2011	3,023	1,679	1,344	231	243	474	2.84
2012	3,211	1,497	1,714	462	268	730	2.35
2013	3,194	2,019	1,175	320	309	629	1.87
2014	3,240	1,833	1,407	331	311	642	2.19

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	
2010	5,995	5,331	664	33	382	415	1.60
2011	6,699	6,029	670	34	1,129	1,163	0.58
2012	7,878	7,018	860	1,719	1,443	3,162	0.27
2013	8,951	6,113	2,838	2,326	1,423	3,749	0.76
2014	10,083	6,754	3,329	2,603	1,358	3,961	0.84

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	
				2005	1,934	960	
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 requirement.

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

TABLE 14

Fiscal Year	Water Revenue	Sewer Revenue	Gallons Billed
2005	\$ 4,340,789	\$ 4,478,205	
2006	4,798,408	4,920,376	1,842,678,178
2007	4,856,353	5,276,454	1,929,908,816
2008	5,020,001	5,481,074	1,971,517,064
2009	5,358,419	5,821,251	1,892,794,552
2010	5,503,277	5,851,401	1,822,051,488
2011	5,871,246	6,672,890	1,903,364,420
2012	6,297,547	7,825,037	1,914,175,940
2013	7,077,986	8,688,996	1,945,227,547
2014	7,425,259	10,006,408	1,786,040,280

Source: Cash basis receipt ledgers.

Note: Revenue includes penalties, investment earnings and sales tax collected and remitted to the State of Iowa.

WATER RATE SCHEDULE HISTORY

Steps	Gallons	Unit Price by Fiscal Year				
		2014	2013	2012	2011	2010
First	22,440 @	\$ 0.00387	\$ 0.00355	\$ 0.00309	\$ 0.00294	\$ 0.00283
Next	89,760 @	0.00316	0.00290	0.00252	0.00240	0.00231
Next	261,800 @	0.00294	0.00270	0.00235	0.00224	0.00215
Next	374,000 @	0.00261	0.00239	0.00208	0.00198	0.00190
Excess	@	0.00229	0.00210	0.00183	0.00174	0.00167

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

TABLE 15

Fiscal Year	Residential	Commercial	Industrial	Government	Total
2006	19,813	1,820	73	35	21,741
2007	19,914	1,839	74	38	21,865
2008	19,970	1,878	70	45	21,963
2009	20,058	1,895	72	48	22,073
2010	20,204	1,887	71	48	22,210
2011	20,338	1,904	79	51	22,372
2012	20,532	1,902	79	52	22,565
2013	20,753	1,921	80	53	22,807
2014	20,887	1,945	81	68	22,981

*Fiscal year 2005 information not available

**CITY OF DUBUQUE, IOWA
LARGEST WATER AND SEWER CUSTOMERS
FISCAL YEAR 2014**

TABLE 16

<u>Customer</u>	<u>Water Receipts</u>	<u>Rank</u>	<u>Percentage of Total Water Receipts</u>	<u>Sewer Receipts</u>	<u>Rank</u>	<u>Percentage of Total Sewer Receipts</u>
Rousselot	\$ 308,109	1	4.22 %	\$ 525,431	1	5.26 %
Hormel	158,343	2	2.17	344,119	2	3.45
Dubuque Community School District	75,978	3	1.04	100,322	6	1.00
University of Dubuque	72,829	4	1.00	91,598	8	0.92
Loras College	72,764	5	1.00	103,687	5	1.04
Mercy Medical Center	71,331	6	0.98	107,827	4	1.08
Prairie Farms Dairy Inc	57,773	7	0.79			
Finley Hospital	54,865	8	0.75	93,314	7	0.93
Clarke University	46,110	9	0.63	64,564	10	0.65
Premier Linen & Dry Cleaning	42,819	10	0.59	88,012	9	0.88
Inland Protein Corp				142,321	3	1.42
Total Revenue	\$ 7,307,187			\$ 9,987,967		

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

TABLE 17

Year	Population	Personal Income	Per Capita Personal Income (1)	Median Age (2)	Public School Enrollment (3)	Unemployment Rate (4)
2005	57,686	1,903,638,000	33,000	37	10,547	4.5 %
2006	57,686	1,993,455,102	34,557	37	10,733	3.5
2007	57,686	2,125,036,868	36,838	37	10,727	3.7
2008	57,686	2,275,135,840	39,440	38	10,614	3.8
2009	57,686	2,233,198,118	38,713	37	10,697	6.2
2010	57,686	2,251,946,068	39,038	37	10,517	6.4
2011	57,637	2,447,843,390	42,470	37	10,467	5.8
2012	57,637	2,532,281,595	43,935	37	10,469	5.2
2013	57,637	2,600,235,618	45,114	39	10,513	4.6
2014	57,637	*	*	39	10,578	4.4

Data Sources:

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

* Unavailable at report date.

Per Capita Personal Income (1) was revised by U.S. Department of Commerce, Bureau of Economic Analysis which also affects Personal Income.

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

TABLE 18

Employer	2014			2006*		
	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u># of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
John Deere (2)	2,400	1	4.30 %	1,900	1	3.54 %
Dubuque Community Schools	1,946	2	3.49	1,410	2	2.62
Mercy Medical Center	1,313	3	2.35	1,324	3	2.46
IBM	1,300	4	2.33			
Medical Associates	1,011	5	1.81	998	5	1.86
UnityPoint Health - Finley Hospital	859	6	1.54	920	7	1.71
City of Dubuque	698	7	1.25	716	10	1.33
Eagle Window & Door	550	8	0.99	950	6	1.77
Sedgwick	550	9	0.99			
Diamond Jo	510	10	0.91			
Flexsteel				750	9	1.44
Heartland Financial USA, Inc. (3)				760	8	1.41
McCoy Group (3)				1,200	4	2.23
	<u>11,137</u>		19.96 %	<u>10,928</u>		20.37 %

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) 2006 numbers include employees outside the City

*2005 information unavailable

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

	2005	2006	2007	2008
Public Safety				
Emergency Communications	10.00	11.00	11.00	11.00
Fire	90.00	90.00	90.00	90.00
Police	97.00	99.00	100.00	101.00
Building Services	7.00	7.00	7.00	7.00
Public Works				
Public Works	88.55	87.00	87.00	87.00
Engineering	24.00	25.00	25.00	25.00
Health & Social Services				
Health Services	5.00	5.00	5.00	4.00
Human Rights	2.00	3.00	3.00	3.00
Cultural and Recreation				
Civic Center	9.15	1.15	0.15	0.15
Library	18.00	18.00	18.00	18.00
Park	21.92	21.92	21.92	21.92
Recreation	8.93	8.93	7.93	7.93
Community & Economic Development				
Community / Economic Dev	3.00	3.00	3.00	3.00
Housing Services	21.00	21.00	20.25	18.00
Planning Services	7.00	8.00	8.00	8.00
General Government				
Airport	13.00	13.00	13.23	12.00
Cable TV	2.00	2.00	2.00	2.00
City Clerk's Office	3.00	3.00	3.00	3.00
City Manager's Office	10.00	11.00	11.00	11.00
Finance	14.00	14.00	14.00	14.00
Legal	2.00	2.62	3.00	3.00
Information Services	6.00	6.00	6.00	7.00
Business Type				
Water	23.00	23.00	23.00	23.00
*Water & Resource Recovery Center	18.00	18.00	18.00	18.00
Parking	10.50	8.00	8.00	7.00
Transit	7.00	8.55	8.00	7.00
Total	<u>521.05</u>	<u>518.17</u>	<u>516.48</u>	<u>512.00</u>

Source: City Budget Records

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

*Department renamed in 2011. Formerly known as the Water Pollution Control Plant.

TABLE 19

Full-Time Equivalent as of June 30					
2009	2010	2011	2012	2013	2014
13.00	13.00	13.00	13.00	13.00	13.00
90.00	90.00	90.00	90.00	90.00	90.00
108.67	110.84	113.34	114.25	115.00	115.08
8.00	8.00	9.00	9.00	9.00	9.24
88.00	87.42	87.42	87.42	86.17	86.42
26.00	26.00	27.00	27.00	29.00	29.00
4.00	4.00	4.00	4.00	4.00	4.00
3.00	3.00	3.00	4.00	5.00	5.00
0.15	0.15	0.15	0.15	0.15	0.15
18.00	18.00	18.00	18.00	19.00	19.00
21.92	22.51	22.50	23.50	23.50	23.50
7.93	8.43	8.93	9.93	9.93	9.93
3.00	3.00	3.00	3.00	3.00	4.00
22.00	22.00	22.25	23.00	25.80	27.00
8.00	8.00	8.00	8.00	8.00	8.00
12.00	12.00	12.00	12.00	12.00	12.00
2.00	2.00	2.00	2.00	2.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00
13.50	15.00	15.00	14.00	15.00	15.00
14.00	14.00	14.00	14.00	14.00	14.08
4.00	4.66	5.00	5.00	5.00	5.00
7.00	7.00	7.00	7.00	7.50	8.00
23.00	24.00	25.00	25.00	25.00	26.00
18.00	18.00	18.00	18.00	18.00	18.00
7.50	9.00	9.00	9.00	9.00	9.00
7.00	6.00	7.00	6.00	6.00	6.32
<u>532.67</u>	<u>539.01</u>	<u>546.59</u>	<u>549.25</u>	<u>557.05</u>	<u>561.72</u>

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

	Fiscal Year			
	2005	2006	2007	2008
Public Safety				
Police				
Physical arrests	4,795	4,790	5,078	5,090
Traffic violations	2,171	8,398	6,842	6,881
Parking violations	51,004	46,575	42,530	40,741
Fire				
Number of calls answered	4,300	4,176	4,454	4,699
Inspections conducted	1,135	409	360	624
Sewer				
Sewage system				
Daily average treatment in gallons	8,500,000	8,500,000	8,000,000	10,310,000
Maximum daily capacity of treatment plant in gallons	13,500,000	13,500,000	13,500,000	13,500,000
Water systems				
Daily average consumption in gallons	7,720,000	8,057,000	7,950,000	7,812,000
Maximum daily capacity of plant in gallons	18,000,000	18,000,000	18,000,000	17,000,000
Refuse (Municipal Collection)				
Tonnage	10,428	10,573	10,807	11,798

Sources: Various City Departments.

Statistics updated for fiscal year 2006, 2007 & 2008.

TABLE 20

2009	2010	2011	2012	2013	2014
6,325	6,365	6,350	6,319	6,106	5,532
8,801	8,901	12,289	11,836	12,089	8,959
36,457	37,056	35,799	34,910	35,516	36,768
4,480	4,557	4,844	5,307	4,792	5,165
443	1,035	555	589	512	471
7,981,000	9,068,000	8,132,000	7,817,000	10,987,000	7,091,000
21,131,000	21,131,000	23,240,000	23,240,000	23,240,000	24,500,000
7,845,000	7,684,000	7,636,000	7,226,000	6,953,000	7,235,000
18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
10,774	10,615	10,660	11,180	10,535	10,311

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

	Fiscal Year			
	2005	2006	2007	2008
Public safety				
Police				
Stations	1	1	1	1
Patrol units	19	19	19	19
Fire				
Stations	6	6	6	6
Aerial trucks	3	3	3	3
Public works				
Streets				
Miles (1)	290	295	307	317
Street lights (1)	1,631	1,755	1,802	1,855
Health and social services				
Hospital				
Number of patient beds	421	421	405	405
Cultural and recreation				
Library	1	1	1	1
Golf	1	1	1	1
Parks	44	44	47	47
Acreage	855	845	898	898
Recreation				
Civic center	1	1	1	1
Swimming pools	2	2	2	2
Softball fields	7	7	8	7
Baseball fields	1	1	1	1
Tennis courts	20	19	19	20
Sewer				
Sewage system				
Miles of sanitary sewer (1)	*	263	286	290
Miles of storm sewers (1)	*	116	120	122
Number of treatment plants	1	1	1	1
Number of service connectors	21,000	21,443	21,568	21,633
Water systems				
Miles of water mains	312	313	315	316
Number of service connectors	21,016	21,257	21,210	21,243
Number of city owned fire hydrants	2,770	2,780	2,798	2,812

Sources: Various City Departments.

(1) City GIS System

*Information not available

TABLE 21

2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
19	22	22	22	22	22
6	6	6	6	6	6
3	3	3	3	3	3
320	321	325	328	329	331
1,877	1,916	1,931	2,081	2,084	2,110
2	2	2	2	2	2
405	389	389	389	389	389
1	1	1	1	1	1
1	1	1	1	1	1
47	48	48	51	51	51
898	901	901	1,001	1,001	1,001
1	1	1	1	1	1
2	2	2	2	2	2
7	7	7	7	7	7
1	1	1	1	1	1
20	20	20	20	20	20
295	300	300	304	304	307
143	144	150	155	141	144
1	1	1	1	1	1
21,347	21,599	21,702	22,393	22,428	22,888
317	318	319	319.75	321.02	315.28
21,347	21,986	22,092	22,161	22,536	22,702
2,831	2,843	2,854	2,863	2,879	2,336

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

Table 22

<u>Year</u>	<u>Taxable Retail Sales</u>	<u>Number of Businesses</u>
2009	\$ 961,287,890	2,026
2010	971,050,048	2,043
2011	1,014,284,468	2,009
2012	1,060,222,499	1,993
2013	1,057,837,212	2,008
2014	*	*

Data Sources:
Iowa Department of Revenue

Prior years not available
* Unavailable at report date

Compliance Section
June 30, 2014
City of Dubuque, Iowa

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 18, 2014.

The financial statements of Dubuque Initiatives and Subsidiaries, a discretely presented component unit which was audited by other auditors, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to those financial statements.

The financial statements of Dubuque Convention and Visitors Bureau, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to those financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying schedule of findings and questioned costs as item 2014-A to be a material weakness.

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Responses to Findings

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

Purpose of this Report

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



Dubuque, Iowa
December 18, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Dubuque, Iowa's (City) compliance with the types of compliance requirements described in the *OMB 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, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2014.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Dubuque, Iowa
December 18, 2014

City of Dubuque
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,083,246
Community Development Block Grants/Entitlement Grants	14.218		<u>146,690</u>
			<u>1,229,936</u>
Pass-through program from:			
Iowa Department of Economic Development:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-212	<u>10,892</u>
Direct program:			
Shelter Plus Care	14.238		<u>101,594</u>
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856		<u>70,210</u>
Section 8 Housing Choice Vouchers	14.871		3,603,859
Section 8 Housing Choice Vouchers	14.871		429,063
Section 8 Housing Choice Vouchers	14.871		57,391
Section 8 Housing Choice Vouchers	14.871		31,205
Section 8 Housing Choice Vouchers	14.871		<u>31,738</u>
			<u>4,153,256</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		<u>1,223,856</u>
Healthy Homes Production Program	14.913		<u>243,683</u>
Total U.S. Department of Housing and Urban Development			<u>7,033,427</u>
U.S. Department of Justice:			
Pass-through program from:			
Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	VW-14-42B-CJ	<u>2,833</u>

City of Dubuque
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice: (continued)			
Direct program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 20,655
Edward Byrne Memorial Justice Assistance Grant Program	16.738		17,851
Edward Byrne Memorial Justice Assistance Grant Program	16.738		16,454
Edward Byrne Memorial Justice Assistance Grant Program	16.738		11,371
Pass-through program from:			
Dubuque County Sheriff's Office:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11-JAG-58372	42,094
			<u>108,425</u>
Total U.S. Department of Justice			<u>111,258</u>
U.S. Department of Transportation:			
Direct program:			
Airport Improvement Program	20.106		4,281,611
Airport Improvement Program	20.106		2,215,834
Airport Improvement Program	20.106		958,968
Airport Improvement Program	20.106		189,288
Airport Improvement Program	20.106		14,843
			<u>7,660,544</u>
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	TCSP-052-2(129)--9S-31	469,287
Highway Planning and Construction	20.205	BROS-2100(659)--8J-31	357,741
Highway Planning and Construction	20.205	STP-U-2100(634)--70-31	337,630
Highway Planning and Construction	20.205	STP-A-PA-27(4)86-31	247,329
Highway Planning and Construction	20.205	HDP-2100-(655)-71-31	137,551
Highway Planning and Construction	20.205	ESL-2100-(646)-7S-31	17,061
Highway Planning and Construction	20.205	SRTS-U-2100(663)--8U-31	15,929
			<u>1,582,528</u>

City of Dubuque
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation: (continued)			
Federal Transit Cluster:			
Direct program:			
Federal Transit - Capital Investment Grants	20.500		\$ 270,383
Pass-through program from:			
Iowa Department of Transportation: Federal Transit - Capital Investment Grants	20.500	IA-04-1029	19,957
			<u>290,340</u>
Direct program:			
Federal Transit - Formula Grants	20.507		852,966
Pass-through program from:			
Iowa Department of Transportation: Federal Transit - Formula Grants	20.507	IA-95-X014 Shopping	109,553
Federal Transit - Formula Grants	20.507	IA-95-X014 Night Rider	107,820
			<u>1,070,339</u>
Direct program:			
State of Good Repair Grants Program	20.525		559,506
Total Federal Transit Cluster			<u>1,920,185</u>
Federal Services Programs Cluster:			
Pass-through program from:			
Iowa Department of Transportation: Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	IA-16-X005-210-14	45,811
New Freedom Program	20.521	IA-57-X009-210-14	85,126
New Freedom Program	20.521	IA-57-X009-210-13	22,513
			<u>107,639</u>
Total Federal Services Programs Cluster			<u>153,450</u>
Pass-through program from:			
Iowa Department of Public Safety: State and Community Highway Safety	20.600	PAP13-03 TASK 06	10,874
State and Community Highway Safety	20.600	PAP 14-402-MOOP	8,673
			<u>19,547</u>
Total U.S. Department of Transportation			<u>11,336,254</u>

City of Dubuque
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Environmental Protection Agency:			
Direct program:			
Climate Showcase Communities Grant Program	66.041		\$ 19,773
Pass-through program from:			
Iowa Finance Authority:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-192427-01	240,202
Direct program:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		<u>2,682</u>
Total Environmental Protection Agency			<u>262,657</u>
U.S. Department of Energy:			
Direct program:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		<u>97,338</u>
U.S. Department of Health and Human Services:			
Pass-through program from:			
Iowa Department of Human Services Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	HS-FY14-EUDL	<u>2,280</u>
Corporation for National and Community Service:			
Pass-through program from:			
Iowa Commission on Volunteers:			
AmeriCorps	94.006	13-AC-13	159,060
AmeriCorps	94.006	12-AC-13	<u>43,062</u>
			<u>202,122</u>
Iowa Economic Development Volunteer Generation Fund	94.021	12-VGF-N6	<u>33,471</u>
Total Corporation for National and Community Service			<u>235,593</u>

City of Dubuque
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2014

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security:			
Pass-through program from:			
Iowa Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-4018-IA	<u>\$ 95,668</u>
Total			<u>\$ 19,174,475</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 modified 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. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Governmental fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City's summary of significant accounting policies is presented in Note 1 in the City's 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	\$ 61,311

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

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Airport Improvement Program	20.106
Dollar threshold used to distinguish between type A and type B programs:	\$575,234
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESS

2014-A 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.

Condition – During the course of our engagement, we proposed material audit adjustments to notes receivable, capital assets, and net position balances that were not 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.

Cause – There is a limited number of office employees with varying levels of experience with the reporting requirements. This significantly limits the City’s review procedures.

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

Recommendation – We recommend that finance staff continue to receive relevant training and that additional review procedures be implemented in preparing the financial statements.

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. Staffing will be reviewed in future budgets.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2014-IA-A Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amount budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

2014-IA-B Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

2014-IA-C Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2014-IA-D Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Joleen Murphy, employee, spouse is owner of Murphy Construction Group	Construction	\$ 53,898
Lynn Schlueter, employee, son-in-law is owner of Schueller Hard Surface Restoration	Services	12,223
Eileen Trimble, employee, brother and sister-in-law are owners of Jet Business Solutions	Services	6,624
Janna Beau, employee, sister and brother-in-law are owners of Kramer Pest Control	Services	2,845
John Hefel, employee, spouse is owner of A Frame of Mind Framing & Gallery	Services	413

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with A Frame of Mind Framing & Gallery do not appear to represent conflicts of interest since total transactions with this individual were less than \$1,500 during the fiscal year. The transactions with Murphy Construction Group and Jet Business Solutions do not appear to be a conflict of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(3) (d) of the Code of Iowa. The transactions with Kramer Pest Control and Schueller Hard Surface Restoration may represent a conflict of interest.

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

Recommendation – We recommend the City review the transactions with Kramer Pest Control and Schueller Hard Surface Restoration with legal counsel.

Response – The transactions with Kramer Pest Control and Schueller Hard Surface Restoration are being reviewed with legal counsel.

2014-IA-E Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2014-IA-F Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

2014-IA-G Deposits and Investments – During fiscal year 2014, the City’s investment managers purchased several certificates of deposits through secondary markets. Secondary certificates of deposits are allowed under the Code of Iowa, if they are purchased through the Certificate of Deposit Account Registry Service (CDARS) program. However, the City’s secondary certificates of deposits were not purchased under the CDARS program and may be in violation of Chapter 12C of the Code of Iowa.

Recommendation – The City should consult with its investment managers to ensure their secondary certificates of deposits are in compliance with Chapter 12C of the Code of Iowa.

Response – The City has instructed the investment manager to sell all certificates of deposits for banks outside the state of Iowa that were not purchased through the Certificate of Deposit Account Registry Services (CDARS) program. A letter was sent to the four investment managers informing them that certificate of deposits must be with banks located within the State of Iowa or purchased through the CDARS program.

2014-IA-H Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the following reporting exception was noted:

The City understated the amount reported as TIF debt outstanding on the Levy Authority Summary by only reporting one year of interest payments due on several bond issues, instead of the total of all interest payments outstanding.

Recommendation – The City has made the needed revisions. To minimize the likelihood of future errors, the City should implement additional controls over the management of its approximately \$130,000,000 in TIF indebtedness. Such controls should include formalizing review and approval procedures.

Response – The City will require additional training of the Economic Development staff on the State Urban Renewal Annual Report and the County Urban Renewal Report so that the Economic Development Department can facilitate a review and approval process of the Urban Renewal Annual Reports prior to the reports being approved by City Council and submitted to the Department of Management and Dubuque County.

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

2014-IA-I 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 2014.

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 2014.

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.

Response – Water distribution system experienced higher than normal maintenance expenses due to abnormally cold weather and associated water main breaks. Water rates were increased by 9% in fiscal year 2014 and an additional 5% increase in fiscal year 2015. Revenue for the first quarter of fiscal year 2015 is 5% above the same period in fiscal year 2014. Water rates will be increased a projected 9% each subsequent fiscal year until the bond covenant is met.

Although sewer rates were increased by 17% in fiscal year 2014, the revenue was less than projected due to lower than anticipated actual usage. Sewer rates were increased an additional 5% for fiscal year 2015. Sewer rates will be increased a projected 9% each subsequent fiscal year until bond covenant is met.

The City's bond consultants have been informed of the noncompliance and appropriate action will be taken.

2014-IA-J Tax Increment Financing – Chapter 403.19 of the Code of Iowa provides a municipality shall certify indebtedness to the County Auditor. While performing our audit procedures, we noted several amounts certified in the fall of 2013 that were based on incorrect calculations.

Recommendation – The City should have certified the needed corrections in the fall 2014. To minimize the likelihood of future errors, the City should implement additional controls over the management of its approximately \$130,000,000 in TIF indebtedness. Such controls should include increasing supporting documentation for the amounts certified and formalizing a review and approval procedure.

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

Response – The City identified and corrected the misreported debt amounts on City TIF Form 3 of the County TIF Certification Form that was filed December 1, 2014. The TIF form is prepared from source documentation including general ledger reports, TIF development agreements and TIF debt amortization schedules. Due to time constraints from the State TIF report also being due on December 1, 2014, this error was not caught prior to filing. The City will continue to monitor source documents to prevent future errors.

2014-IA-K Solid Waste Tonnage Fees Retained – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa by the Dubuque Metropolitan Area Solid Waste Agency, a component unit of the City, were noted.

2014-IA-L Financial Assurance – The Dubuque Metropolitan Area Solid Waste Agency, a component unit of the City, has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in 567-113.14(6) of the Iowa Administrative Code.

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
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Findings Related to the Financial Statements:

2014-A	Material Audit Adjustments	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Kenneth J TeKippe, Finance Director 563-589-4133	Not determined at this date.
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Findings Related to the Federal Program:

There were no findings reported.

There were no prior year federal findings.