THE CITY OF DUBUQUE IOWA

Masterpiece on the Mississippi

Dubuque All-America City 2007 • 2012 • 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended 2015

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Kelli Buchenau

Comprehensive Annual Financial Report
June 30, 2015

City of Dubuque, Iowa

Prepared by:
Department of Finance

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Introductory Section
June 30, 2015

City of Dubuque, Iowa

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February 22, 2016

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, 2015, 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 2015. 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, who contracts with the city to operates the landfill. Dubuque Initiatives is organized to render service to 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 CVB, formerly part of the Dubuque Area Chamber of Commerce, was established as a separate non-profit corporation. Dubuque CVB's purpose is to strengthen

the Dubuque area economy by competitively marketing the area as a destination for conventions, tour groups, sporting events and individual travelers. The Organization's nine member board includes 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 Dubuque Museum of Art announced January 2016, that it is now affiliated with the Smithsonian. 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 November 2015, the City and County unemployment rate was 3% below the 3.4% state and 5% 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, 8% of Iowa's non-farm employment growth from 2009-2013 occurred in Dubuque County, which has just 3% 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 inhabit the park. In 2014, Theisen's distribution center completed an 80,000 square foot expansion and the TriState Quality Metals 44,000 square foot plant is under construction.

Dubuque Industrial Center South (DICS)
Ribbon cutting for the new industrial park occurred November 2013. The park contains 76.16 available acres. TriState Quality Metals relocated from its 10,000 square foot operation in Peosta, IA, to construct a 44,000 square foot facility in the DICS. TriState is the first company to locate in the park. Employment has increased from 13 to 40 jobs since the relocation. Roasting Solutions, LLC (dba Verena Street Coffee) has purchased 12.03 acres and construct a new 34,000 square foot facility. Total investment in land, plant and equipment is $7 million, and will add 10 new jobs. Verena Street Coffee supplies over 700 grocery stores and wholesalers in the Iowa, Illinois, Minnesota, and Wisconsin area. The company began operations in 2010.

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 are currently located in the park. In 2015, Rockfarm Holdings completed construction of their new headquarters office building consisting of 14,000 square feet. Kunkel and Associates' expansion is adding an extra 20,000 square feet to its current Dubuque facilities and 16 new jobs.

Over $100 million has been spent in the downtown area, where more than 9,000 people work. IBM employs 625 workers on five renovated floors of the nine-story Roshek Building and Heartland Financial relocated existing staff to the third floor of the building. RSM US LLP has announced that it will relocate 60 employees into this building during 2016.

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 moved into the basement space, while several commercial tenants occupy the first floor. A food co-op, located on the first floor, opened in the spring of 2014. The first floor is nearing 100% occupancy. Renovation of 76 residential units in the Novelty Iron Works has been completed. The Linseed Oil Building renovation, completed in 2015, includes 16 apartments.

Commercial development continues after the October 2014 opening of a new 114,000 square foot Blain's Farm & Fleet retail store. Spahn and Rose Lumber completed construction of a new warehouse and showroom that together total 93,000 square feet. New retail stores that have opened include Kwik Star, Kwik Stop/Fazoli's, McGrath Automotive Group, Cato Fashions, and Men's Warehouse. New restaurants currently under review include Chick-fil-a, Popeye's, and Chipotle Grill.

UnityPoint Health Finley Hospital is completing 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 is being built on the west side of the current hospital structure facing Grandview Avenue. The expected date opening is early 2016.

The University of Dubuque completed construction of a new intramural/practice facility and its new four-story Chlapaty Residence Hall opened in the fall of 2014. Loras College completed Phase II of the $4 million Loras Parkway which includes their new Welcome Center featuring Einstein Bros.® Bagels at the corner of Loras Boulevard. The $825,000, approximately 4,000 square-foot facility provides 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 centralize. Once the entire project is 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:

- Dubuque just became the third Iowa community and the 25th in the nation to achieve certification under the national STAR Community Rating System, a sustainability rating system which evaluates communities based on a range of different aspects: built environment; climate and energy; economy and jobs; education, arts and community; health and safety; and natural systems. (May 2015)
- The Dubuque metropolitan area was named 13th **"Best-Performing"** Small Metro for 2014 by Milken Institute for job creation, sustaining jobs, and economic growth.
- The White House named Dubuque one of 16 **Climate Action Champion**s, a diverse group of communities defining the frontier of ambitious climate action whose approaches can serve as a model for other communities. (December 2014)
- The Intelligent Community Forum named Dubuque as one of the world's Smart21 Communities of 2015. Dubuque was one of just five U.S. communities named to the list. (October 2014)
- 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)
- 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)
- *Kiplinger's Personal Finance* named Dubuque one of **"10 Great Places to Live"** for 2013. (July 2013)
- 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)
- 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)

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 the Fall of 2012 of the new Airline Passenger Terminal Facility, while continuing the effort to meet current and forecasted passenger demand for Dubuque and the surrounding communities. All project elements are scheduled to be completed in 2016; though, ahead of schedule and currently under budget.

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 24 consecutive years 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 $219 million multi-phased investment to mitigate flooding, improve water quality, stimulate investment, and enhance quality of life within the Bee Branch Watershed. The City is receiving $159 million in state and federal grants.

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-two alleys were constructed in 2014. Approximately twenty-eight alleys will be completed in 2015 and the final twenty- three alleys completed in the spring of 2016.

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 opened August 2015, provides a 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 connects 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 47% 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.

In 2013, the City of Dubuque and the Dubuque Metropolitan Area Transportation Study (DMATS) successfully negotiated a Memorandum of Understanding with the Iowa Department of Transportation (Iowa DOT) for the transfer of the Southwest Arterial project. The Iowa DOT, DMATS, Dubuque County, and the City of Dubuque have budgeted approximately $140 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 commercial vehicles a day from downtown streets and encouraging redevelopment on Central Avenue and White Street. Almost 1,000 trucks per day will be removed from US 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, 2015, provided one instance of material weaknesses in internal control over compliance, and material non compliance. 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 $643,872 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 $574,716 deficit as of June 30, 2015. 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 $1,557,924 as of June 30, 2015. 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 assigned a Aa3 rating on the Series 2015A, 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, 2014. This was the 27th 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 10th 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 2016.

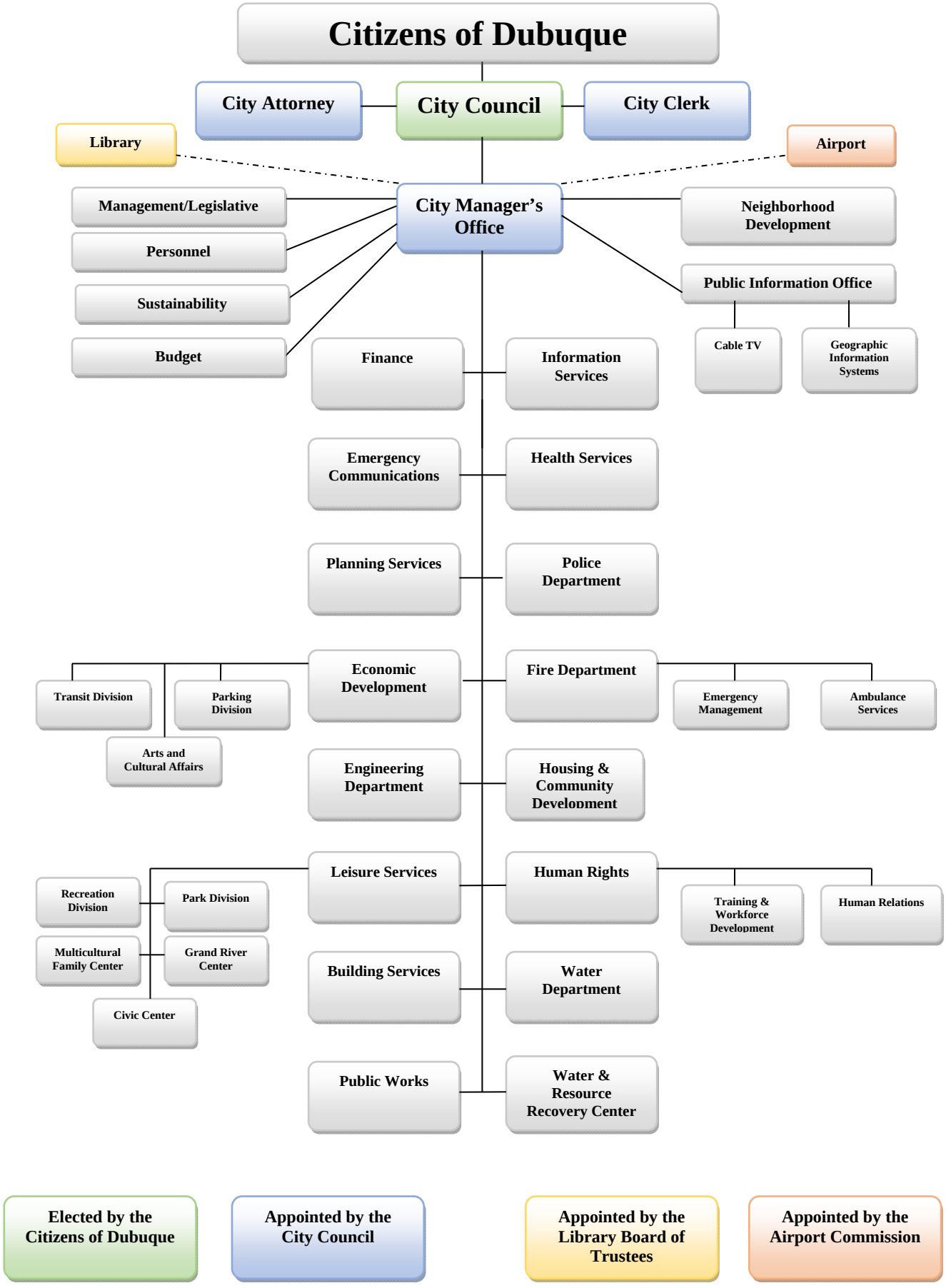
Acknowledgments. The preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We also thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City of Dubuque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

Sincerely,

Michael C. Van Milligen
City Manager

Jean M. Nachtman, CPA, CPFO
Finance Director

CITY OF DUBUQUE ORGANIZATIONAL CHART



CITY OF DUBUQUE, IOWA
OFFICIALS
JUNE 30, 2015

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. Firnstahl	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
Rick A. Steines	Fire Chief
Mary Rose Corrigan	Health Services Manager
Alvin L. Nash	Housing and Community Development Manager
Kelly R. Larson	Human Rights Director
Randall K. Peck	Personnel Manager
Christine A. Kohlmann	Information Services Manager
Marie L. Ware	Leisure Services Manager
Susan A. Henricks	Library Director
Donald J. Vogt	Public Works Director
Laura B. Carstens	Planning Services Manager
Mark M. Dalsing	Police Chief
Alexis M. Steger	Senior Budget Analyst
Robert M. Green	Water Department Manager
Jonathan R. Brown	Water & Resource Recovery Center Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

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City of Dubuque
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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Financial Section
June 30, 2015

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, 2015, 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 73 percent, 75 percent, and 48 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 14 to the financial statements, the City of Dubuque, Iowa, has adopted provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. 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 February 22, 2016, 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.

Eide Bailly LLP

Dubuque, Iowa
February 22, 2016

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This section of the City of Dubuque's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements found in the next section of this report.

FINANCIAL HIGHLIGHTS

- The net position of the City of Dubuque increased to $472,356,199 compared to restated net position of $458,998,148 for fiscal year 2014.
- Governmental program revenues decreased by $3,281,887 from fiscal year 2014. The largest portion of the decrease is the lower grants reimbursement as the new terminal for the Dubuque Regional Airport nears completion.
- The City's business type activities program revenues increased $8,793,211. Charges for services increased $1,544,111. Water (5%), sewer (5%), stormwater (7%), and refuse (4%) rates were increased in fiscal year 2015. Grants reimbursements for construction of the new Intermodal facility accounted for the major portion of the increase.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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 nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has 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, the City's proportionate share of the net pension liability and related contributions for both of the City's pension plans, and the funding progress for the retiree benefit plan.

Other information. The combining statements referred to earlier in connection with nonmajor 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.

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 Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The beginning net position for governmental activities and business-type activities were restated $38,036,256 and $4,613,113, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

The largest part of the City's net position reflects its net investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that is still outstanding. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

CITY OF DUBUQUE'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014 Not Restated	2015	2014 Not Restated	2015	2014 Not Restated
Current and other assets	$ 93,298,918	$ 92,022,599	$ 56,877,806	$ 23,995,010	$ 150,176,724	$ 116,017,609
Capital assets	392,392,426	389,254,518	271,529,923	254,101,852	663,922,349	643,356,370
Total assets	485,691,344	481,277,117	328,407,729	278,096,862	814,099,073	759,373,979
Deferred outflows of resources	7,605,182	-	768,132	-	8,373,314	-
Long-term liabilities	120,426,392	84,934,637	165,817,987	126,080,517	286,244,379	211,015,154
Other liabilities	14,310,233	13,434,655	10,229,278	8,451,638	24,539,511	21,886,293
Total liabilities	134,736,625	98,369,292	176,047,265	134,532,155	310,783,890	232,901,447
Deferred inflows of resources	37,918,563	24,825,015	1,413,735	-	39,332,298	24,825,015
Net position:						
Net investment in capital assets	348,173,267	354,732,451	148,487,126	138,842,390	496,660,393	493,574,841
Restricted	22,047,405	21,501,638	7,796,668	5,315,519	29,844,073	26,817,157
Unrestricted	(49,579,334)	(18,151,279)	(4,568,933)	(593,202)	(54,148,267)	(18,744,481)
Total net position	$ 320,641,338	$ 358,082,810	$ 151,714,861	$ 143,564,707	$ 472,356,199	$ 501,647,517

Net position of the governmental activities remained steady, increasing $594,784 over restated fiscal year 2014 balance of $320,046,554. Grant revenues decreased $3.3 million. Grant revenues for the new airport terminal decreased $5.8 million as the projects near completion, were offset by new grant revenues of $2.3 million for the South West Arterial.

Net position for the business-type activities increased $12,763,267 over restated fiscal year 2014 of $138,591,594. Charges for services increased $1,544,111. The increase in charges for services revenue reflects the increase in water, stormwater, and refuse by 5% and the 5% in sewer rates for 2015. Non-operation grant revenues for transit system increased $4,952,242 related to Transits portion of the grants for the Intermodal Transportation Center.

A portion of the City's net position $29,844,073 or 6.3% represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal year 2015 the City has negative total unrestricted net position. The government-wide negative unrestricted results from the $38 million reduction in net position from the GASB No.68 restatement, and TIF (governmental activities) debt being used to finance capital assets of the business-type activities. The City records a $2.7 million payable for settlement of the Zaber lawsuit involving over charging of franchise fees. The claim is scheduled to be paid in 2016. Business-type activities negative unrestricted results from the lag in storm water capital projects completed in fiscal year 2015 and reimbursement in 2016 with the State Revolving Loan fund proceeds, and the $4 million reduction in net position due to the GASB No. 68 restatement.

Governmental activities. Taxes are the largest source of governmental revenues with property taxes of $36,277,719 in 2015 . Other governmental revenues included gaming $7,397,709, local option sales taxes $8,760,246, and charges for services $14,665,456. Gaming revenues continues to declined due to increased competition from neighboring Illinois that now allows video gambling in bars.

Governmental operating expenses during 2015 totaled $87,054,103. The largest programs were public safety of $25,525,937, public works of $19,207,837, community and economic development of $18,064,831, and culture and recreation of $13,002,690.

Business-type activities. Business-type activities increased net position by $12,763,267 in fiscal year 2015 compared to the restated fiscal year 2014 net position of $138,951,594. Operating revenue increased $1,543,285. Water's supplies and services expenses were lower in fiscal year 2015 than fiscal year 2014, reflecting a milder winter and fewer main breaks. Intergovernmental revenue increased $8,286,768; of which, $5.2 million was an FTA capital grant for the Intermodal Transportation Center.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014 Not Restated	2015	2014 Not Restated	2015	2014 Not Restated
Revenues:						
Program revenues						
Charges for services	$ 14,665,456	$ 14,696,269	$ 28,985,655	$ 27,441,544	$ 43,651,111	$ 42,137,813
Operating grants and contributions	11,992,439	12,784,907	1,866,535	1,717,208	13,858,974	14,502,115
Capital grants and contributions	9,704,043	12,162,649	10,020,715	2,920,942	19,724,758	15,083,591
General revenues						
Property taxes	36,277,719	33,264,283	-	-	36,277,719	33,264,283
Local option sales tax	8,760,246	8,211,366	-	-	8,760,246	8,211,366
Hotel/motel tax	2,623,551	2,006,514	-	-	2,623,551	2,006,514
Utility franchise fees	2,828,688	2,609,421	-	-	2,828,688	2,609,421
Gaming	7,397,709	7,878,008	-	-	7,397,709	7,878,008
Unrestricted investment earnings	668,134	777,958	185,356	135,461	853,490	913,419
Gain on sale of capital assets	19,495	483,782	6,571	180,229	26,066	664,011
Total revenues	94,937,480	94,875,157	41,064,832	32,395,384	136,002,312	127,270,541
Expenses:						
Public safety	25,525,937	27,578,517	-	-	25,525,937	27,578,517
Public works	19,207,837	21,306,882	-	-	19,207,837	21,306,882
Health and social services	928,968	1,055,398	-	-	928,968	1,055,398
Culture and recreation	13,002,690	13,696,331	-	-	13,002,690	13,696,331
Community and economic development	18,064,831	14,591,257	-	-	18,064,831	14,591,257
General government	6,420,173	9,610,084	-	-	6,420,173	9,610,084
Interest on long-term debt	3,903,667	3,684,993	-	-	3,903,667	3,684,993
Sewage disposal works	-	-	12,019,866	11,481,103	12,019,866	11,481,103
Water utility	-	-	7,800,393	8,812,340	7,800,393	8,812,340
Stormwater utility	-	-	4,131,562	3,431,096	4,131,562	3,431,096
Parking facilities	-	-	3,383,419	3,732,492	3,383,419	3,732,492
America's River Project	-	-	24,000	33,579	24,000	33,579
Refuse collection	-	-	3,740,404	3,750,366	3,740,404	3,750,366
Transit system	-	-	4,245,823	3,847,320	4,245,823	3,847,320
Salt	-	-	244,691	56,468	244,691	56,468
Total expenses	87,054,103	91,523,462	35,590,158	35,144,764	122,644,261	126,668,226
Increase (decrease) in net position before extraordinary item and transfers	7,883,377	3,351,695	5,474,674	(2,749,380)	13,358,051	602,315
Transfers	(7,288,593)	(2,444,846)	7,288,593	2,444,846	-	-
Increase (decrease) in net position	594,784	906,849	12,763,267	(304,534)	13,358,051	602,315
Net position, beginning as restated	320,046,554	357,175,861	138,951,594	143,869,241	458,998,148	501,045,102
Net position, ending	$ 320,641,338	$ 358,082,810	$ 151,714,861	$ 143,564,707	$ 472,356,199	$ 501,647,517

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 $59,401,841 at June 30, 2015. $7,196,053 is in nonspendable for inventory, advances to other funds, receivables, and prepaid items. $69,412 is nonspendable endowment corpus. $30,496,183 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 $12,298,896 for capital improvements. $647,772 is assigned for capital improvements and equipment. This leaves $8,693,524 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 $386,595 to $15,423,339. Gaming revenues declined $480,299 or 6.1% in fiscal year 2015, less than 1% lower than expected. The gaming market continues to be adversely impacted by neighboring State of Illinois Video Gaming Act which legalized the use of video gaming terminals in liquor licensed establishments including bars, restaurants, truck stops and certain fraternal and veterans' organizations. Increase in tax revenue of $2.1 million was offset by a decrease in intergovernmental revenue of $1.2 million. The City still has outstanding legal fees related to the Utility Franchise Fee lawsuit (Zaber). These fees will be recovered in 2016 when the settlement is finalized.

The fund balance of special revenue fund Tax Increment Financing increased by $1,967,868 to $6,049,530 due to an increase in tax revenue of $1,749,809.

The fund balance of the Capital Projects Fund general construction decreased by $3,617,012 to $9,915,113. 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.

The combined net position of the enterprise funds at June 30, 2015, totaled $151,714,861 of which the unrestricted is a negative $4,568,933. This is primarily due to expenses in 2015 for stormwater projects being reimbused through the State of Iowa revolving loan fund in 2016.

The net position of the Internal Service Funds decreased by $1,064,162 to a negative $326,939. The Health Insurance Reserve Fund increased $307,191 while the Workers' Comp Reserve decreased $137,745. Both funds experienced higher expenses in fiscal year 2015 than fiscal year 2014. The unrestricted net position of the Internal Service Funds is a negative $567,029.

The Sewer Fund had a decrease by $5,197,713 for total net position of $31,469,829 based on the restated fiscal year 2014 ending balance. Assets for green alley improvements were moved from Sewer Fund into Stormwater Fund to reflect the enterprise benefiting from the assets. The debt for the green alley project is paid with sewer revenue funds. This is an agreement with the Iowa State Revolving Loan. Debt service for the new Water and Resource Recovery Center was increased by $9.4 million and the interest rate was lowered so the net debt service cost for the City remained the same. The requirement was that the improvements had to be made in a service other than sewer. The City chose to use the funding for the green alley project which is a stormwater utility. Currently $3.2 million of debt for green alley is recorded in the Sewer Fund and assets in the stormwater fund.

The Water Utility had an increase in net position by $407,589 for total net position of $22,501,868 based on the restated fiscal year 2014 ending balance. Water rates were increased 5% in 2015.

The Storm Water Utility had a 22.3% increase in net position of $7,005,598 based on the restated fiscal year 2014 ending balance . Ending net position is $38,469,652. $3.8 million in assets for green alley project was transferred to storm water from sewer. The debt for this asset is remaining in the sewer fund.

The Parking Facilities held steady with a increase in net position of $659,027. Ending net position is $38,786,705. Revenues increased $116,066. Fiscal year 2015 fees for parking tickets and parking ramps were increased.

The Transit System was moved to a major fund in 2015 due to increased grant revenue for Intermodal Transportation Center. Net positon increased $9,397,314 over 2014 restated ending balance.

Other Enterprise Funds net position increased by $80,445 to $1,697,270 over fiscal year 2014 restated ending balance. 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 2015 by $307,191. Revenues increased by $492,564 and claims increased 9% over 2014.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2014-2015 cash basis budget. The first amendment was passed in September 2014 to reflect operating and capital budget carryovers (continuing appropriation authority) from fiscal year 2014 and amended the fiscal year 2014 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in April 2015 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 $13,372,555. 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 $60,824,958 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 $39,407,755 less than the final amended budget; and, cash basis expenditures were $101,371,598 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to $663,922,349 (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	
	2015	2014	2015	2014	2015	2014
Land	$ 68,906,705	$ 67,080,527	$ 22,482,687	$ 18,722,641	$ 91,389,392	$ 85,803,168
Buildings	127,812,256	127,599,341	136,395,921	136,007,378	264,208,177	263,606,719
Improvements other than buildings	22,219,094	22,219,094	99,006,869	94,055,495	121,225,963	116,274,589
Machinery and equipment	40,667,979	39,518,216	96,550,475	95,332,143	137,218,454	134,850,359
Infrastructure	216,205,431	215,931,579	-	-	216,205,431	215,931,579
Construction in progress	52,565,551	44,054,916	21,008,496	6,978,822	73,574,047	51,033,738
Accumulated depreciation	(135,984,590)	(127,149,155)	(103,914,525)	(96,994,627)	(239,899,115)	(224,143,782)
	$ 392,392,426	$ 389,254,518	$ 271,529,923	$ 254,101,852	$ 663,922,349	$ 643,356,370

Major expenditures during 2014-2015 were for the construction work on the Intermodal projects, Green Alley projects, new Airport terminal related contruction, and Bee Branch storm water projects.

Long-term debt. At year end, the City had $253,158,630 of debt outstanding. In fiscal year 2015, the City issued Sales Tax Incremental Revenue bonds (series 2015A) 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 issued General Obligation bonds series 2014B for the purpose of acquisitions of ambulances and ambulance improvements, improvements to parks, airport, streets, sanitary sewer and water mains, equipping police, and street departments. General obligation bonds series 2014C for improvements to the parking ramps and lots, parking meter replacements, urban renewal projects including transit building roof repair, Central Avenue Master Plan, and bus storage and maintence facility improvements; and aquisition, construction, maintenance, improvements and equipping parking ramps, parking lots, and street parking.

The City received $5,525,021 in distributions fom the State of Iowa Revolving Loan Fund for Stormwater Bee Branch projects.

The City continues to operate under the State debt capacity limitations. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Thus the City's debt capacity is $193,113,721. With $173,597,304 of debt applicable against the capacity, the City is utilizing 89.9% of this limit. Additional information on the City's long-term debt can be found in Note 7 of this report.

ECONOMIC FACTORS

The City's unemployment rate as of December 2015 was 3.6% compared to 3.7%. in December 2014. The national average was 5% for December 2015, according to the Bureau of Labor Statistics. State of Iowa was 3.4% as reported in November 2015.

The assessed valuation of taxable property, net of exemptions, increased by 5% to $2,522,048,000. In fiscal year 2015, the minimum monthly refuse rate increased from $12.74 to $13.24, sewer and water rates increased 5%, and the storm water monthly fee increased from $5.60 to $5.98 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, 2015

City of Dubuque, Iowa

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2015

	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	$ 22,349,886	$ 8,093,879	$ 30,443,765	$ 1,225,447	$ 2,001,747	$ 15,465
Receivables						
Property tax						
Delinquent	362,190	-	362,190	-	-	-
Succeeding year	24,906,544	-	24,906,544	-	-	-
Accounts and other	1,779,875	2,809,193	4,589,068	255,924	595,297	-
Special assessments	756,293	-	756,293	-	-	-
Accrued interest	122,035	15,843	137,878	7,148	-	-
Notes	747,830	-	747,830	-	27,554	-
Intergovernmental	4,871,355	3,284,677	8,156,032	-	-	-
Internal balances	5,171,550	(5,171,550)	-	-	-	-
Inventories	655,399	775,006	1,430,405	-	530,251	15,095
Prepaid items	208,485	17,691	226,176	12,817	-	-
Total Current Assets	61,931,442	9,824,739	71,756,181	1,501,336	3,154,849	30,560
NONCURRENT ASSETS						
Expendable cash & investments	18,503,285	47,053,067	65,556,352	8,601,083	1,405,495	52,193
Nonexspendable restricted cash & investments	69,412	-	69,412	-	-	-
Notes receivable	12,794,779	-	12,794,779	-	10,372,277	-
Capital assets						
Land	68,906,705	22,482,687	91,389,392	2,952,666	17,723	-
Buildings	127,812,256	136,395,921	264,208,177	106,495	44,408,906	-
Improvements other than buildings	22,219,094	99,006,869	121,225,963	10,306,408	132,817	-
Machinery and equipment	40,667,979	96,550,475	137,218,454	4,022,922	-	309,926
Infrastructure	216,205,431	-	216,205,431	-	-	-
Construction in progress	52,565,551	21,008,496	73,574,047	810,960	-	-
Accumulated depreciation	(135,984,590)	(103,914,525)	(239,899,115)	(9,174,666)	(5,543,364)	-
Total Noncurrent Assets	423,759,902	318,582,990	742,342,892	17,625,868	50,793,854	362,119
Total Assets	485,691,344	328,407,729	814,099,073	19,127,204	53,948,703	392,679
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related deferred outflows	$ 7,605,182	$ 768,132	$ 8,373,314	$ 81,578	$ -	$ -

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION (continued)
JUNE 30, 2015

	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	$ 6,982,210	$ 3,918,202	$ 10,900,412	$ 330,848	$ 478,859	$ 194,794
Accrued payroll	566,030	179,274	745,304	17,229	-	-
Loans payable	97,143	25,433	122,576	-	-	43,442
Notes payable	186,189	3,123,000	3,309,189	-	448,206	-
General obligation bonds payable	4,774,098	2,240,902	7,015,000	185,000	-	-
Revenue bonds payable	-	285,000	285,000	-	-	-
Tax increment financing bonds payable	410,000	-	410,000	-	-	-
Accrued compensated absences	349,434	21,267	370,701	28,497	-	-
Accrued interest payable	309,630	436,200	745,830	10,632	52,990	-
Intergovernmental payable	4,987	-	4,987	53,940	-	-
Unearned revenue	630,512	-	630,512	-	-	-
Total Current Liabilities	14,310,233	10,229,278	24,539,511	626,146	980,055	238,236
NONCURRENT LIABILITIES						
Loans payable	5,347,142	236,622	5,583,764	-	-	122,217
Notes payable	625,419	82,324,971	82,950,390	-	26,733,502	-
General obligation bonds payable	54,840,843	43,627,492	98,468,335	4,454,086	-	-
Revenue bonds payable	-	34,258,432	34,258,432	-	-	-
Landfill closure and postclosure care	-	-	-	4,619,086	-	-
Tax increment financing bonds payable	20,755,946	-	20,755,946	-	-	-
Accrued compensated absences	6,041,918	942,332	6,984,250	271,924	-	-
Net pension liability	29,391,256	3,706,983	33,098,239	393,621	-	-
Net OPEB Liability	3,423,868	721,155	4,145,023	76,154	-	-
Total Noncurrent Liabilities	120,426,392	165,817,987	286,244,379	9,814,871	26,733,502	122,217
Total Liabilities	134,736,625	176,047,265	310,783,890	10,441,017	27,713,557	360,453
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows	13,012,019	1,413,735	14,425,754	150,117	-	-
Succeeding year property tax	24,906,544	-	24,906,544	-	-	-
Total deferred inflows of resources	$ 37,918,563	$ 1,413,735	$ 39,332,298	$ 150,117	$ -	$ -
NET POSITION						
Net investment in capital assets	348,173,267	148,487,126	496,660,393	8,390,736	11,834,374	-
Restricted for/by:						
Bond ordinance development agreement	2,140,740	7,796,668	9,937,408	-	-	-
Debt service	25,531	-	25,531	-	-	-
Employee benefits	27,771	-	27,771	-	-	-
Community development	9,697,644	-	9,697,644	-	-	-
Iowa Finance Authority Trust	22,840	-	22,840	-	-	-
Capital projects	8,318,583	-	8,318,583	-	-	-
Franchise agreement	402,029	-	402,029	-	-	-
Endowments, expendable	92,768	-	92,768	-	-	9,919
Endowments, nonexpendable	69,412	-	69,412	-	-	-
Other	1,250,087	-	1,250,087	-	-	-
State statute	-	-	-	118,027	-	-
Minority interest	-	-	-	24,717	-	-
Unrestricted	(49,579,334)	(4,568,933)	(54,148,267)	84,168	14,400,772	22,307
Total Net Position	$ 320,641,338	$ 151,714,861	$ 472,356,199	$ 8,617,648	$ 26,235,146	$ 32,226

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT 2

		Program Revenues				Net (Expense) Revenue and Changes in Net Position					
						Primary government			Component Units		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries	Dubuque Convention and Visitors Bureau
Primary government											
Governmental Activities:											
Public safety	$ 25,525,937	$ 2,532,114	$ 97,085	$ 770,550	$ 3,399,749	$ (22,126,188)	$ -	$ (22,126,188)	$ -	$ -	$ -
Public works	19,207,837	6,092,356	6,145,717	5,225,912	17,463,985	(1,743,852)	-	(1,743,852)	-	-	-
Health and social services	928,968	114,731	-	24,486	139,217	(789,751)	-	(789,751)	-	-	-
Culture and recreation	13,002,690	2,547,843	204,893	523,143	3,275,879	(9,726,811)	-	(9,726,811)	-	-	-
Community and economic development	18,064,831	371,708	5,544,744	3,084,969	9,001,421	(9,063,410)	-	(9,063,410)	-	-	-
General government	6,420,173	3,006,704	-	75,152	3,081,856	(3,338,317)	-	(3,338,317)	-	-	-
Interest on long-term debt	3,903,667	-	-	(169)	(169)	(3,903,836)	-	(3,903,836)	-	-	-
Total governmental activities	87,054,103	14,665,456	11,992,439	9,704,043	36,361,938	(50,692,165)	-	(50,692,165)	-	-	-
Business-type activities											
Sewage disposal works	12,019,866	10,582,662	-	289,438	10,872,100	-	(1,147,766)	(1,147,766)	-	-	-
Water utility	7,800,393	7,463,430	-	316,691	7,780,121	-	(20,272)	(20,272)	-	-	-
Stormwater utility	4,131,562	3,490,040	-	3,456,609	6,946,649	-	2,815,087	2,815,087	-	-	-
Parking facilities	3,383,419	3,036,214	-	194,631	3,230,845	-	(152,574)	(152,574)	-	-	-
Americans River Project	24,000	-	-	-	-	-	(24,000)	(24,000)	-	-	-
Refuse collection	3,740,404	3,783,493	-	-	3,783,493	-	43,089	43,089	-	-	-
Transit system	4,245,823	397,545	1,866,535	5,763,346	8,027,426	-	3,781,603	3,781,603	-	-	-
Salt	244,691	232,271	-	-	232,271	-	(12,420)	(12,420)	-	-	-
Total business-type activities	35,590,158	28,985,655	1,866,535	10,020,715	40,872,905	-	5,282,747	5,282,747	-	-	-
Total primary government	$ 122,644,261	$ 43,651,111	$ 13,858,974	$ 19,724,758	$ 77,234,843	(50,692,165)	5,282,747	(45,409,418)	-	-	-
Component units											
Dubuque Metropolitan Area Solid Waste Agency	4,669,182	3,498,001	-	39,021	3,537,022				(1,132,160)	-	-
Dubuque Initiatives and Subsidiaries	4,449,483	3,679,225	-	-	3,679,225				-	(770,258)	-
Dubuque Convention and Visitors Bureau	1,235,434	1,143,270	-	85,089	1,228,359				-	-	(7,075)
Total Component Units	$ 10,354,099	$ 8,320,496	$ -	$ 124,110	$ 8,444,606				(1,132,160)	(770,258)	(7,075)
	General revenues										
	Property taxes					36,277,719	-	36,277,719	-	-	-
	Local option sales tax					8,760,246	-	8,760,246	-	-	-
	Hotel motel tax					2,623,551	-	2,623,551	-	-	-
	Utility franchise fees					2,828,688	-	2,828,688	-	-	-
	Gaming					7,397,709	-	7,397,709	-	-	-
	Unrestricted investment earnings					668,134	185,356	853,490	33,583	821,100	174
	Gain on disposal of capital assets					19,495	6,571	26,066	-	-	-
	Transfers					(7,288,593)	7,288,593	-	-	-	-
	Total General Revenues and Transfers					51,286,949	7,480,520	58,767,469	33,583	821,100	174
	Change in Net Position					594,784	12,763,267	13,358,051	(1,098,577)	50,842	(6,901)
	Net position, beginning of year, as restated					320,046,554	138,951,594	458,998,148	9,716,225	26,184,304	39,127
	Net position, ending of year					$ 320,641,338	$ 151,714,861	$ 472,356,199	$ 8,617,648	$ 26,235,146	$ 32,226

See notes to financial statements.

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CITY OF DUBUQUE, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT 3

		Special Revenue	Capital Projects		
	General	Tax Increment Financing	General Construction	Other Governmental Funds	Total
ASSETS					
Cash and pooled cash investments	$ 2,602,667	$ 614,509	$ 2,474,992	$ 13,927,230	$ 19,619,398
Receivables					
Property tax					
Delinquent	132,126	191,642	-	38,422	362,190
Succeeding year	19,363,124	-	-	5,543,420	24,906,544
Accounts and other	1,284,435	-	-	182,205	1,466,640
Special assessments	-	-	-	756,293	756,293
Accrued interest	32,352	41,001	332	44,115	117,800
Notes	5,755,847	-	-	7,786,762	13,542,609
Intergovernmental	1,649,074	-	142,415	3,079,866	4,871,355
Due from other funds	5,533,626	-	-	-	5,533,626
Inventories	181,449	-	-	399,243	580,692
Prepaid items	144,747	-	-	57,250	201,997
Restricted cash and pooled cash investments	215,888	5,539,973	7,457,941	5,358,895	18,572,697
Total Assets	$ 36,895,335	$ 6,387,125	$ 10,075,680	$ 37,173,701	$ 90,531,841
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 827,578	$ 2,445	$ 18,152	$ 1,459,253	$ 2,307,428
Accrued payroll	466,491	-	-	60,751	527,242
Intergovernmental payable	-	-	-	4,987	4,987
Due to other funds	-	335,150	-	-	335,150
Unearned revenue	630,512	-	-	-	630,512
Total Liabilities	1,924,581	337,595	18,152	1,524,991	3,805,319
DEFERRED INFLOW OF RESOURCES					
Unavailable revenues					
Succeeding year property tax	19,363,124	-	-	5,543,420	24,906,544
Special assessments	-	-	-	720,712	720,712
Grants	129,646	-	142,415	1,335,194	1,607,255
Other	54,645	-	-	35,525	90,170
Total Deferred Inflows of Resources	19,547,415	-	142,415	7,634,851	27,324,681
FUND BALANCES					
Nonspendable					
Endowment corpus	-	-	-	69,412	69,412
Inventory	181,449	-	-	399,243	580,692
Long-term notes receivable	5,755,847	-	-	657,518	6,413,365
Prepaid items	144,747	-	-	57,250	201,997
Restricted					
Endowments	-	-	-	92,768	92,768
Library	-	-	-	1,212,370	1,212,370
Debt service	-	-	-	25,531	25,531
Bond ordinance	-	2,140,740	-	-	2,140,740
Capital improvements	-	3,908,790	9,915,113	2,957,823	16,781,726
Franchise agreement	-	-	-	402,029	402,029
Special assessments	-	-	-	35,653	35,653
Claims	-	-	-	2,064	2,064
Iowa Finance Authority Trust	-	-	-	92,551	92,551
Community programs	-	-	-	9,682,980	9,682,980
Employee benefits	-	-	-	27,771	27,771
Committed, capital improvements	-	-	-	12,298,896	12,298,896
Assigned					
DRA gaming and distribution	647,772	-	-	-	647,772
Unassigned	8,693,524	-	-	-	8,693,524
Total Fund Balances	15,423,339	6,049,530	9,915,113	28,013,859	59,401,841
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 36,895,335	$ 6,387,125	$ 10,075,680	$ 37,173,701	$ 90,531,841

See notes to financial statements.

CITY OF DUBUQUE, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT 3-1

Total fund balances - governmental funds		$ 59,401,841
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	$ 528,052,768	
Accumulated depreciation	(135,900,431)	
		392,152,337
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	32,460	
Special assessments	720,712	
Other	1,664,965	
		2,418,137
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the government funds as follows:		
Deferred inflows or resources	(12,474,247)	
Deferred outflows of resources	7,312,993	
		(5,161,254)
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.		(326,939)
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	(59,614,941)	
Tax increment financing bonds	(21,165,946)	
Notes payable	(811,608)	
Loans payable	(5,444,285)	
Accounts payable Zaber settlement	(2,700,000)	
Accrued interest	(309,630)	
Compensated absences	(6,391,352)	
Net pension liability	(27,981,154)	
Net OPEB liability	(3,423,868)	
		(127,842,784)
Net position of governmental activities		$ 320,641,338

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES **EXHIBIT 4**
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

		Special Revenue	Capital Projects		
	General	Tax Increment Financing	General Construction	Other Governmental Funds	Total
REVENUES					
Taxes	$ 29,601,749	$ 10,890,062	$ -	$ 9,998,393	$ 50,490,204
Special assessments	-	-	-	85,501	85,501
Licenses and permits	1,198,420	-	-	-	1,198,420
Intergovernmental	1,328,132	-	396,048	19,104,344	20,828,524
Charges for services	10,450,557	-	-	260,686	10,711,243
Fines and forfeits	362,661	-	-	-	362,661
Investment earnings	252,737	207,000	31,327	177,070	668,134
Contributions	556,864	127,021	4,492	100,891	789,268
Gaming	7,397,709	-	-	-	7,397,709
Miscellaneous	564,262	-	-	902,280	1,466,542
Total Revenues	51,713,091	11,224,083	431,867	30,629,165	93,998,206
EXPENDITURES					
Current					
Public safety	27,570,773	-	-	-	27,570,773
Public works	5,993,358	-	4,061	5,203,008	11,200,427
Health and social services	915,023	-	-	24,149	939,172
Culture and recreation	12,082,045	-	-	218,409	12,300,454
Community and economic development	3,235,877	3,642,797	-	9,540,235	16,418,909
General government	5,443,158	-	-	534,447	5,977,605
Debt service					
Principal	-	-	-	4,910,735	4,910,735
Interest and fiscal charges	135,000	-	-	3,442,829	3,577,829
Capital projects	-	-	5,070,956	9,758,081	14,829,037
Total Expenditures	55,375,234	3,642,797	5,075,017	33,631,893	97,724,941
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,662,143)	7,581,286	(4,643,150)	(3,002,728)	(3,726,735)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	264,320	4,038,113	3,437,292	3,397,596	11,137,321
Premium on bonds	3,844	4,306	14,934	49,768	72,852
Transfers in	5,956,030	2,055,594	207,875	9,854,054	18,073,553
Transfers out	(3,179,728)	(11,711,431)	(2,738,663)	(7,611,973)	(25,241,795)
Insurance recovery	66,910	-	14,200	25,178	106,288
Sale of capital assets	164,172	-	90,500	105,764	360,436
Total Other Financing Sources (Uses)	3,275,548	(5,613,418)	1,026,138	5,820,387	4,508,655
NET CHANGE IN FUND BALANCES	(386,595)	1,967,868	(3,617,012)	2,817,659	781,920
FUND BALANCES, BEGINNING	15,809,934	4,081,662	13,532,125	25,196,200	58,619,921
FUND BALANCES, ENDING	$ 15,423,339	$ 6,049,530	$ 9,915,113	$ 28,013,859	$ 59,401,841

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 STATEMEMT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT 4-1

Net change in fund balances - total governmental funds		$ 781,920
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	$ 12,576,084	
Transfers of capital assets to enterprise funds	(420,351)	
Contributions from developers and federal government	273,852	
Depreciation expense	(9,140,127)	
		3,289,458
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.		(340,941)
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred inflows of resources increased (decreased) by these amounts this year:		
Property tax	5,374	
Special assessments	(196,630)	
Other	(175,620)	
		(366,876)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Also, governmental funds report the effect of issuance discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Debt issuances including premium	(11,238,925)	
Debt repayments	4,910,735	
		(6,328,190)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These items consist of:		
Decrease in accrued interest	(23,265)	
Amortization of bond discount/premium	(12,043)	
Decrease in compensated absences	138,393	
Pension adjustment	3,139,090	
Increase in net OPEB liability	(373,359)	
Total additional expenses		2,868,816
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.		690,597
Change in net position of governmental activities		$ 594,784

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	$ 3,377,817	$ 2,698,030	$ 443
Receivables			
Accounts	1,142,144	828,591	361,439
Accrued interest	5,464	5,477	1,307
Intergovernmental	-	-	1,132,921
Inventories	-	775,006	-
Prepaid items	2,270	2,270	-
Total Current Assets	4,527,695	4,309,374	1,496,110
NONCURRENT ASSETS			
Restricted cash and pooled cash investments	6,194,096	9,416,082	28,282,100
Capital assets			
Land	167,855	59,898	20,094,469
Buildings	72,005,065	9,066,404	-
Improvements to other than buildings	40,397,221	956,707	54,325,750
Machinery and equipment	39,521,282	45,841,107	1,096,804
Construction in progress	545,726	1,008,230	5,186,790
Accumulated depreciation	(49,921,716)	(23,780,026)	(11,441,751)
Net Capital Assets	102,715,433	33,152,320	69,262,062
Total Noncurrent Assets	108,909,529	42,568,402	97,544,162
Total Assets	113,437,224	46,877,776	99,040,272
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	$ 165,001	$ 200,314	$ 22,813

Business-type Activities-Enterprise Funds				
Parking Facilities	Transit	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
$ 1,052,136	$ 193,892	$ 771,561	$ 8,093,879	$ 2,730,488
140,996	13,549	322,474	2,809,193	313,235
2,266	-	1,329	15,843	4,235
-	2,151,756	-	3,284,677	-
-	-	-	775,006	74,707
13,151	-	-	17,691	6,488
1,208,549	2,359,197	1,095,364	14,996,289	3,129,153
686,219	2,424,570	50,000	47,053,067	-
2,124,465	36,000	-	22,482,687	-
53,261,430	1,887,564	175,458	136,395,921	-
2,396,647	244,232	686,312	99,006,869	-
2,027,188	5,868,714	2,195,380	96,550,475	324,248
933,817	13,333,933	-	21,008,496	-
(13,755,987)	(3,810,022)	(1,205,023)	(103,914,525)	(84,159)
46,987,560	17,560,421	1,852,127	271,529,923	240,089
47,673,779	19,984,991	1,902,127	318,582,990	240,089
48,882,328	22,344,188	2,997,491	333,579,279	3,369,242
$ 68,438	$ 183,752	$ 127,814	$ 768,132	$ 292,189

(Continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$ 488,397	$ 145,571	$ 847,146
Accrued payroll	38,483	42,160	5,472
Loans payable - current	-	-	-
General obligation bonds payable	321,589	376,193	851,565
Revenue bonds payable	-	285,000	-
Capital loan notes payable	2,610,000	172,000	341,000
Accrued compensated absences	16,457	-	-
Accrued interest payable	166,746	84,045	155,032
Due to other funds	-	-	5,171,462
Total Current Liabilities	3,641,672	1,104,969	7,371,677
NONCURRENT LIABILITIES			
Loans payable	-	-	-
General obligation bonds payable	9,584,897	12,994,489	12,405,162
Revenue bonds payable	-	5,429,239	28,829,193
Capital loan notes payable	67,368,158	3,172,000	11,784,813
Accrued compensated absences	252,159	337,098	9,668
Net pension liability	796,293	966,711	110,094
Net OPEB Liability	185,534	203,040	40,840
Total Noncurrent Liabilities	78,187,041	23,102,577	53,179,770
Total Liabilities	81,828,713	24,207,546	60,551,447
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	$ 303,683	$ 368,676	$ 41,986
NET POSITION			
Net investment in capital assets	32,747,550	19,166,502	39,431,896
Restricted by bond ordinance/development agreement	149,990	972,977	3,900,536
Unrestricted	(1,427,711)	2,362,389	(4,862,780)
Total Net Position	$ 31,469,829	$ 22,501,868	$ 38,469,652

See notes to financial statements.

Business-type Activities-Enterprise Funds				
Parking Facilities	Transit	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
$ 17,179	$ 2,403,153	$ 16,756	$ 3,918,202	$ 1,974,782
13,545	48,079	31,535	179,274	38,788
25,433	-	-	25,433	-
686,928	-	4,627	2,240,902	-
-	-	-	285,000	-
-	-	-	3,123,000	-
3,407	1,402	1	21,267	-
30,134	-	243	436,200	-
-	-	88	5,171,550	26,926
776,626	2,452,634	53,250	15,400,828	2,040,496
236,622	-	-	236,622	-
8,557,492	-	85,452	43,627,492	-
-	-	-	34,258,432	-
-	-	-	82,324,971	-
67,742	5,203	270,462	942,332	-
330,280	886,780	616,825	3,706,983	1,410,102
69,340	55,594	166,807	721,155	-
9,261,476	947,577	1,139,546	165,817,987	1,410,102
10,038,102	3,400,211	1,192,796	181,218,815	3,450,598
$ 125,959	$ 338,192	$ 235,239	$ 1,413,735	$ 537,772
37,818,710	17,560,421	1,762,047	148,487,126	240,090
348,595	2,424,570	-	7,796,668	-
619,400	(1,195,454)	(64,777)	(4,568,933)	(567,029)
$ 38,786,705	$ 18,789,537	$ 1,697,270	$ 151,714,861	$ (326,939)

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
OPERATING REVENUES			
Charges for sales and services	$ 10,580,296	$ 7,431,131	$ 3,476,425
Other	1,540	32,299	13,615
Total Operating Revenues	10,581,836	7,463,430	3,490,040
OPERATING EXPENSES			
Employee expense	3,671,426	3,201,450	1,277,125
Utilities	523,936	583,443	8,551
Repairs and maintenance	552,733	243,416	44,414
Supplies and services	2,078,117	2,181,953	794,444
Insurance	123,649	112,081	37,060
Depreciation	3,313,312	957,749	735,502
Total Operating Expenses	10,263,173	7,280,092	2,897,096
OPERATING INCOME (LOSS)	318,663	183,338	592,944
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	95,840	3,320,801
Investment earnings	47,098	51,381	60,669
Contributions	71,691	-	26,257
Interest expense	(1,750,943)	(520,301)	(1,233,640)
Gain on disposal of assets	5,520	1,051	-
Net Nonoperating Revenues (Expenses)	(1,626,634)	(372,029)	2,174,087
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,307,971)	(188,691)	2,767,031
CAPITAL CONTRIBUTIONS	217,747	220,851	109,551
TRANSFERS IN	16,844	375,429	4,438,654
TRANSFERS OUT	(4,124,333)	-	(309,638)
CHANGE IN NET POSITION	(5,197,713)	407,589	7,005,598
NET POSITION, BEGINNING, AS RESTATED	36,667,542	22,094,279	31,464,054
NET POSITION, ENDING	$ 31,469,829	$ 22,501,868	$ 38,469,652

See notes to financial statements.

EXHIBIT 6

Business-type Activities-Enterprise Funds				
Parking Facilities	Transit	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
$ 2,761,238	$ 333,678	$ 3,976,065	$ 28,558,833	$ 15,641,634
274,976	63,867	39,699	425,996	62,873
3,036,214	397,545	4,015,764	28,984,829	15,704,507
918,605	1,934,112	2,546,981	13,549,699	3,231,330
254,034	54,816	18,122	1,442,902	30,385
303,737	363,103	250,635	1,758,038	32,288
286,350	1,300,264	892,725	7,533,853	11,757,925
92,961	41,929	20,441	428,121	259,552
1,095,878	551,599	282,883	6,936,923	28,337
2,951,565	4,245,823	4,011,787	31,649,536	15,339,817
84,649	(3,848,278)	3,977	(2,664,707)	364,690
121,569	7,600,971	-	11,139,181	-
4,875	15,674	5,659	185,356	20,142
73,062	28,910	-	199,920	-
(431,854)	-	(3,058)	(3,939,796)	-
-	-	-	6,571	5,765
(232,348)	7,645,555	2,601	7,591,232	25,907
(147,699)	3,797,277	6,578	4,926,525	390,597
420,351	-	-	968,500	-
1,183,123	5,600,037	73,867	11,687,954	300,000
(385,741)	-	-	(4,819,712)	-
1,070,034	9,397,314	80,445	12,763,267	690,597
37,716,671	9,392,223	1,616,825	138,951,594	(1,017,536)
$ 38,786,705	$ 18,789,537	$ 1,697,270	$ 151,714,861	$ (326,939)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-type Activities-			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 10,536,955	$ 7,400,714	$ 3,436,192	$ 2,762,285
Cash payments to suppliers for goods and services	(4,028,561)	(3,218,984)	(208,748)	(1,059,212)
Cash payments to employees for services	(3,721,403)	(3,222,905)	(1,280,850)	(936,427)
Other operating receipts	1,540	32,299	13,615	274,976
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	2,788,531	991,124	1,960,209	1,041,622
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	16,844	375,429	4,438,654	1,183,123
Transfers to other funds	(4,124,333)	-	(309,638)	(385,741)
Proceeds from interfund balances	-	-	353,923	-
Payment of interfund balances	-	-	-	-
Intergovernmental grant proceeds	-	-	-	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(4,107,489)	375,429	4,482,939	797,382
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	5,520	1,051	-	-
Acquisition and construction of capital assets	(162,731)	(753,841)	(10,675,903)	(388,543)
Proceeds from issuance of debt	9,118,934	9,195,000	22,976,088	490,000
Premium on debt issuance	1,219	130,000	(127,444)	1,321
Payment of debt	(2,919,539)	(942,975)	(1,163,216)	(872,381)
Interest paid	(1,708,965)	(345,971)	(1,171,881)	(435,696)
Contributions	289,438	-	26,257	73,062
Intergovernmental grant proceeds	-	95,840	2,251,481	121,569
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	4,623,876	7,379,104	12,115,382	(1,010,668)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	59,133	55,017	59,362	4,547
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	3,364,051	8,800,674	18,617,892	832,883
CASH AND CASH EQUIVALENTS, BEGINNING	6,207,862	3,313,438	9,664,651	905,472
CASH AND CASH EQUIVALENTS, ENDING	$ 9,571,913	$ 12,114,112	$ 28,282,543	$ 1,738,355

EXHIBIT 7

Enterprise Funds			Governmental Activities- Internal Service Funds
Transit System	Other Enterprise Funds	Total	
$ 322,314	$ 3,963,556	$ 28,422,016	$ 15,427,564
(2,280,570)	(1,206,189)	(12,002,264)	(11,895,435)
(1,973,376)	(2,598,149)	(13,733,110)	(3,328,954)
63,867	39,699	425,996	62,873
(3,867,765)	198,917	3,112,638	266,048
5,600,037	73,867	11,687,954	300,000
-	-	(4,819,712)	-
-	-	353,923	2,057
(38,181)	(34,728)	(72,909)	(137,249)
6,454,045	-	6,454,045	-
-	-	-	-
12,015,901	39,139	13,603,301	164,808
-	-	6,571	5,765
(9,244,958)	-	(21,225,976)	(217,727)
-	-	41,780,022	-
-	-	5,096	-
-	(4,507)	(5,902,618)	-
-	(3,058)	(3,665,571)	-
-	-	417,667	-
28,910	-	2,468,890	-
(9,216,048)	(7,565)	13,884,081	(211,962)
15,674	6,540	200,273	25,305
(1,052,238)	237,031	30,800,293	244,199
3,670,700	584,530	24,346,653	2,486,289
$ 2,618,462	$ 821,561	$ 55,146,946	$ 2,730,488

(Continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	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)	$ 318,663	$ 183,338	$ 592,944	$ 84,649
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	3,313,312	957,749	735,502	1,095,878
Change in assets and liabilities				
(Increase) decrease in receivables	(43,341)	(30,417)	(40,233)	1,047
(Increase) decrease in inventories and prepaid items	(2,340)	(22,476)	-	(625)
Increase (decrease) in accounts payable	(747,786)	(75,615)	675,721	(121,505)
Increase (decrease) in accrued liabilities	(12,656)	25,301	625	(2,236)
Increase (decrease) net pension liability	(311,956)	(378,720)	(43,130)	(129,391)
(Increase) in deferred outflows	(47,674)	(57,878)	(6,592)	(19,774)
Increase (decrease) in deferred inflows	303,683	368,676	41,986	125,959
Increase in net OPEB liability	18,626	21,166	3,386	7,620
Total Adjustments	2,469,868	807,786	1,367,265	956,973
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 2,788,531	$ 991,124	$ 1,960,209	$ 1,041,622
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contribution of capital assets from outside sources	$ 217,747	$ 220,851	$ 109,551	$ -
Contributions of capital assets from Governmental Activities	$ -	$ -	$ -	$ 420,351

See notes to financial statements.

EXHIBIT 7
(Continued)

Enterprise Funds			Governmental Activities- Internal Service Funds
Transit System	Other Enterprise Funds	Total	
$ (3,848,278)	$ 3,977	$ (2,664,707)	$ 364,690
551,599	282,883	6,936,923	28,337
(11,364)	(12,509)	(136,817)	(214,070)
-	-	(25,441)	68,005
(520,458)	(24,266)	(813,909)	116,711
12,037	(24,761)	(1,690)	1,450
(347,406)	(241,648)	(1,452,251)	(552,422)
(53,093)	(36,930)	(221,941)	(84,424)
338,192	235,239	1,413,735	537,772
11,006	16,932	78,736	-
(19,487)	194,940	5,777,345	(98,641)
$ (3,867,765)	$ 198,917	$ 3,112,638	$ 266,049
$ -	$ -	$ 548,149	$ -
$ -	$ -	$ 420,351	$ -

CITY OF DUBUQUE, IOWA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES **EXHIBIT 8**
AGENCY FUNDS
JUNE 30, 2015

	Agency Funds
ASSETS	
Cash and pooled cash investments	$ 1,308,018
Accounts receivable	51,078
Accrued interest	1,080
Total Assets	$ 1,360,176
LIABILITIES	
Due to other agency	$ 1,360,176
Total Liabilities	$ 1,360,176

See notes to financial statements.

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. Accounting Change / Restatement
15. Prospective Accounting Pronouncements

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, 2015, $409,651 of the Dubuque Metropolitan Area Solid Waste Agency's charges for services were related to services provided to the City of Dubuque.

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

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

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

Complete financial statements for the Component Units may be obtained from the City of Dubuque's Finance Department for the Dubuque Metropolitan Area Solid Waste Agency and Dubuque Area Convention and Visitors Bureau, and the Economic Development Office for Dubuque Initiatives and Subsidiaries. These offices are located at: City Hall, 50 West 13th Street, Dubuque, Iowa 52001.

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).

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.

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

Additionally, the City reports the internal service fund type. *Internal service funds* are used to account for general, garage, stores/printing, health insurance, and worker's compensation insurance services provided by one department to other departments of the City on a cost-reimbursement basis.These funds cannot be used to support City activities. Fiduciary funds, other than agency funds, use the *economic resources measurement focus* and the *full accrual basis of accounting*. Agency funds use the *full accrual basis of accounting* but do not have a measurement focus and therefore report only assets and liabilities. The City reports Agency Funds to account for assets held by the City as an agent under the cable franchise agreement and for the Dubuque Racing Association.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current year delinquent property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2015, and 2015 unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year.

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

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

Inventories and Prepaid Items

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

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

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

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

Restricted Assets

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

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

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Compensated Absences

The City allows employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. Vacation pay is payable to employees upon retirement or termination. Sick pay is payable only upon retirement, in which event, employees with twenty years or more of service are paid 100% of their accrued sick leave balance over a five year period. All vacation pay and applicable sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Iowa Public Employees' Retirement System and the Municipal Fire and Police Retirement System (Systems') and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognize as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 $10,595,043 for the governmental activities and $39,206,400 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, 2015 consists of $25,531 for debt service and $27,771 for employee benefits. All other restrictions are by outside parties through grants, debt agreements or donors.

- Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable: Nonspendable fund balances cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

- Restricted: Restricted fund balances are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantor or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

- Committed: Committed fund balances can be used only for specific purposes determined pursuant to constraints formally imposed by the City Council through resolution approved prior to year-end.

- Assigned: Assigned fund balances contain self-imposed constraints of the government to be used for a particular purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has by resolution delegated the authority to the City Manager, Budget Director, and Finance Director.

- Unassigned: Unassigned fund balances are amounts not included in the other spendable classifications.

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. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Implementation of GASB Statement No. 68 and GASB Statement No. 71

As of July 1, 2014, the City of Dubuque, Iowa adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 14 and the additional disclosures required by these standards are included in Note 11.

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.

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit net position amounts as of June 30, 2015:

America's River Project	$	2,015
Internal Service Funds		
Garage Service	$	35,170
General Service	$	1,277,273
Workers' Compensation Reserve	$	574,716

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 $1,200 for the Dubuque Metropolitan Area Solid Waste Agency.

Deposits. At year-end, the City's carrying amount of deposits was $68,167,137, and the bank balance was $69,484,501 The City's deposits in banks at June 30, 2015, 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 $9,825,330, and the bank balance was $10,128,391. The Agency's deposits in banks at June 30, 2015, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

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

Investments. As of June 30, 2015, the City had the following investments and maturities. (The City assumes callable bonds will not be called):

	Investment Maturities (In Years)				
Investment Type	Less Than 1	1 to 5	6 to 10	More than 10	Total
Money Market Funds- U.S. Treasury	$ 994,180	$ -	$ -	$ -	$ 994,180
U.S. Treasury Securities	4,051,904	1,918,892	-	2,628,005	8,598,801
Federal Agency Obligations	2,666,096	10,903,045	708,705	3,265,136	17,542,982
Managed Accounts - Long-term CDs	-	1,391,069	-	-	1,391,069
Corporate Stock	94,480	-	-	-	94,480
Corporate Bonds	574,677	-	-	-	574,677
	$ 8,381,337	$ 14,213,006	$ 708,705	$ 5,893,141	$ 29,196,189

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

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

that are in the possession of an outside party. The City had no custodial risk with regards to investments, since all investments were held by the City or its agent in the City's name.

Due to legal and budgetary reasons, the General Fund is assigned a portion of the investments earnings associated with other funds. These funds are the employee benefits, community development, 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, 2015.

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		68,167,137
Carrying amount of investments		29,196,189
Total	$	97,377,547
Government-wide		
Cash and pooled cash investments	$	30,443,765
Cash and pooled cash investments - temporarily restricted		65,556,352
Cash and pooled cash investments - permanently restricted		69,412
Fiduciary		
Cash and pooled cash investments		1,308,018
Total	$	97,377,547

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

Cash on hand	$	1,200
Carrying amount of deposits		9,825,330
Total	$	9,826,530
Cash and pooled cash investments	$	1,225,447
Cash and pooled cash investments - temporarily restricted		8,601,083
Total	$	9,826,530

A reconciliation of cash and investments as shown on the government-wide statement of net position for the Dubuque Initiatives and Subsidiaries (December 31, 2014) follows:

Deposits	$	563,638
Investment in Dubuque Food Coop		200,000
Repurchase agreement		1,438,109
Beneficial interest in assets held by others		1,205,495
Total	$	3,407,242
Cash and pooled cash investments	$	2,001,747
Cash and pooled cash investments-temporarily restricted		1,405,495
Total	$	3,407,242

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, 2015 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	$ 4,084	$ 1,321
Butt's Florist, Inc.	300,000	3	2011	7/1/2031	294,000	8,820
Clark Wolff	150,000	3	2001	5/1/2022	62,284	8,227
Dubuque Museum of Art	300,000	3	1999	7/1/2021	151,200	23,001
Grand Opera House #1-02	73,000	3	2002	2/1/2023	41,386	4,875
Greenfield, Jane	188,000	3	1998	10/1/2019	63,163	13,857
Gronen Adaptive	300,000	2	2006	5/1/2036	190,884	7,425
Hartig Realty III, L.C.	300,000	3	2009	9/1/2029	268,786	15,349
Interstate Building LLLP	300,000	3	2010	9/22/2015	300,000	12,015
James Madison, Inc.	300,000	3	2008	9/18/2028	132,453	132,453
Lower Main Development, LLC	300,000	3	2006	3/1/2026	159,070	11,965
Moore, Jorga	55,442	3	1999	5/1/2019	17,289	4,142
Security Partners, L.P.	300,000	3	2001	8/1/2021	53,456	14,002
Town Clock Building Co.	300,000	3	2001	8/1/2021	135,133	20,255
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	-
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	-
					$ 8,529,771	$ 277,707

NOTE 4 – NOTES RECEIVABLE (continued)

	Interest Rate	Balance	Current Portion
Community Development Installment Loans Receivables			
Residential Rehabilitation Installment Loan Programs			
First Time Home Buyers	6 %	$ 445,841	$ 33,000
Local Housing Assistance Program (LHAP)	6	128,943	10,000
Homebuyers Assistance Program	6	2,558,711	221,000
Infill	6	309,788	7,000
Residential Rehab Program	6	289,389	29,000
RRP Reserve	-	45,322	1,000
Washington Neighborhood Revitalize	-	56,782	4,032
The Accessibility Rehabilitation Program (for rentals)	6	636,792	78,000
Iowa Finance Authority	-	75,802	6,091
HOME Program (1)	-	374,567	65,000
Historic Preservation Revolving Loan Fund/Historic Preservation Housing Forgivable Loan Program	6	90,901	16,000
		$ 5,012,838	$ 470,123

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

At December 31, 2014, Dubuque Initiatives and Subsidiaries had the following notes receivable:

Lower Main Development, 4.00%, unsecured, matures August 2018	$ 58,033
City of Dubuque, 5.00%, unsecured, matures July 2023	262,055
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	10,079,743
Total notes receivable	10,399,831
Less: current maturities	(27,554)
Noncurrent portion	$ 10,372,277

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2015, include amounts due to/from other funds and advances due to/from other funds. Interfund balances are as follows:

	Due From Other Funds	Due To Other Funds
Governmental activities:		
General Fund	$ 5,533,626	$ -
Internal Service	-	26,926
Tax Increment Financing	-	335,150
Business-type activities:		
Stormwater Utility	-	5,171,462
Nonmajor	-	88
	$ 5,533,626	$ 5,533,626

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.

NOTE 5 – INTERFUND BALANCES AND TRANSFERS (continued)

Interfund transfers for the year ended June 30, 2015, consisted of the following:

	Transfers From							
Transfer to	General	Tax Increment Financing	General Construction	Nonmajor Governmental	Sewer Disposal Works	Storm Water Utility	Parking Facilities	Total
General	$ -	$ 305,491	$ 2,468	$ 5,648,071	$ -	$ -	$ -	$ 5,956,030
Tax increment financing	218,808	-	1,426,652	24,393	-	-	385,741	2,055,594
General construction	-	143,331	-	64,544	-	-	-	207,875
Non major governmental	1,203,794	6,865,679	378,484	1,096,459	-	309,638	-	9,854,054
Sewer Disposal Works	5,697	-	-	11,147	-	-	-	16,844
Water utility	-	-	-	13,965	361,464	-	-	375,429
Stormwater utility	284,668	-	-	391,117	3,762,869	-	-	4,438,654
Parking Facilities	222,387	340,000	620,736	-	-	-	-	1,183,123
Transit Systems	1,220,784	4,056,930	310,323	12,000	-	-	-	5,600,037
Nonmajor enterprise	23,590	-	-	50,277	-	-	-	73,867
Internal service fund	-	-	-	300,000	-	-	-	300,000
	$ 3,179,728	$ 11,711,431	$ 2,738,663	$ 7,611,973	$ 4,124,333	$ 309,638	$ 385,741	$ 30,061,507

Net capital assets of $420,351 were transferred from governmental capital assets to parking. The transfer was reported as a capital contribution in the Parking Facilities Fund. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources.

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

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

Primary Government:

Governmental activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	$ 67,080,527	$ -	$ -	$ 2,137,880	$ (311,702)	$ 68,906,705
Construction in progress	44,054,925	-	(420,351)	12,201,902	(3,270,925)	52,565,551
Total Capital assets, not being depreciated	111,135,452	-	(420,351)	14,339,782	(3,582,627)	121,472,256
Capital assets, being depreciated:						
Buildings	127,599,341	-	-	212,915	-	127,812,256
Improvements other than buildings	22,219,094	-	-	-	-	22,219,094
Machinery and equipment	39,518,215	-	-	1,543,360	(393,596)	40,667,979
Infrastructure	215,931,578	-	-	273,853	-	216,205,431
Total capital assets, being depreciated	405,268,228	-	-	2,030,128	(393,596)	406,904,760
Less accumulated depreciation for:						
Buildings	(34,278,770)	-	-	(2,168,772)	-	(36,447,542)
Improvements other than buildings	(8,437,030)	-	-	(792,048)	-	(9,229,078)
Machinery and equipment	(20,414,122)	-	-	(2,598,103)	364,357	(22,647,868)
Infrastructure	(64,019,238)	-	-	(3,640,864)	-	(67,660,102)
Total accumulated depreciation	(127,149,160)	-	-	(9,199,787)	364,357	(135,984,590)
Total capital assets, being depreciated, net	278,119,068	-	-	(7,169,659)	(29,239)	270,920,170
Governmental activities capital assets, net	$ 389,254,520	$ -	$ (420,351)	$ 7,170,123	$ (3,611,866)	$ 392,392,426

NOTE 6 – CAPITAL ASSETS (continued)

Business-type activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	$ 18,722,641	$ -	$ -	$ 3,760,046	$ -	$ 22,482,687
Construction in progress	6,978,824	3,355,085	(2,934,734)	17,038,525	(3,429,204)	21,008,496
Total Capital assets, not being depreciated	25,701,465	3,355,085	(2,934,734)	20,798,571	(3,429,204)	43,491,183
Capital assets, being depreciated:						
Buildings	136,007,378	-	-	388,543	-	136,395,921
Improvements other than buildings	94,055,495	-	-	4,951,374	-	99,006,869
Machinery and equipment	95,332,143	-	-	1,239,677	(21,345)	96,550,475
Total capital assets, being depreciated	325,395,016	-	-	6,579,594	(21,345)	331,953,265
Less accumulated depreciation for:						
Buildings	(45,667,153)	-	-	(1,770,628)	-	(47,437,781)
Improvements other than buildings	(24,615,676)	-	-	(1,656,459)	-	(26,272,135)
Machinery and equipment	(26,711,798)	-	-	(3,509,836)	17,025	(30,204,609)
Total accumulated depreciation	(96,994,627)	-	-	(6,936,923)	17,025	(103,914,525)
Total capital assets, being depreciated, net	228,400,389	-	-	(357,329)	(4,320)	228,038,740
Business-type activities capital assets, net	$ 254,101,854	$ 3,355,085	$ (2,934,734)	$ 20,441,241	$ (3,433,524)	$ 271,529,923

NOTE 6 – CAPITAL ASSETS (continued)

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

Governmental activities:		
Public safety	$	757,630
Public works		5,514,171
Health and social services		7,012
Culture and recreation		2,081,903
Community and economic development		16,700
General government		794,034
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets		28,337
Total depreciation expense - governmental activities	$	9,199,787
Business-type activities:		
Sewage disposal works	$	3,313,312
Water utility		957,749
Stormwater utility		735,502
Parking facilities		1,095,878
Refuse collection		255,244
Salt		27,639
Transit system		551,599
Total depreciation expense - business-type activities	$	6,936,923

NOTE 6 – CAPITAL ASSETS (continued)

Dubuque Metropolitan Area Solid Waste Agency (Component Unit):

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	$ 2,952,666	$ -	$ -	$ -	$ -	$ 2,952,666
Construction in progress	-	-	-	964,840	(153,880)	810,960
Total Capital assets, not being depreciated	2,952,666	-	-	964,840	(153,880)	3,763,626
Capital assets, being depreciated:						
Buildings	88,495	-	-	18,000	-	106,495
Improvements other than buildings	10,306,408	-	-	-	-	10,306,408
Machinery and equipment	3,737,130	-	-	285,792	-	4,022,922
Total capital assets, being depreciated	14,132,033	-	-	303,792	-	14,435,825
Less accumulated depreciation for:						
Buildings	(50,478)	-	-	(1,622)	-	(52,100)
Improvements other than buildings	(6,426,126)	-	-	(174,800)	-	(6,600,926)
Machinery and equipment	(2,263,191)	-	-	(258,449)	-	(2,521,640)
Total accumulated depreciation	(8,739,795)	-	-	(434,871)	-	(9,174,666)
Total capital assets, being depreciated, net	5,392,238	-	-	(131,079)	-	5,261,159
Dubuque Metropolitan Area Solid Waste, capital assets	$ 8,344,904	$ -	$ -	$ 833,761	$ (153,880)	$ 9,024,785

Depreciation expense of $434,871 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

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 $130,370,000. During fiscal year 2015, the City issued $26,450,000 of general obligation bonds for capital improvements.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. General obligation bonds outstanding at June 30, 2015, 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	$ 1,025,000
Corporate purpose Series 2005	04/18/2005	06/01/06-06/01/24	3.40-5.00	6,020,000	4,040,000
Corporate purpose Series 2006A	04/03/2006	06/01/07-06/01/25	3.80-4.20	2,900,000	1,830,000
Corporate purpose Series 2007A	12/01/2007	06/01/09-06/01/17	3.45-3.65	1,055,000	265,000
Corporate purpose Series 2008A	11/04/2008	06/01/09-06/01/28	3.75-4.80	3,885,000	2,875,000
Corporate purpose Series 2008B	11/04/2008	06/01/09-06/01/23	3.75-4.25	3,290,000	2,005,000
Corporate purpose (taxable) Series 2008C	11/04/2008	06/01/09-06/01/18	5.25-5.50	2,465,000	1,205,000
Corporate purpose (taxable) Series 2009A	11/10/2009	06/01/11-06/01/29	1.90-5.60	2,935,000	2,300,000
Corporate purpose (taxable) Series 2009B	11/10/2009	06/01/11-06/01/29	1.50-5.50	11,175,000	8,845,000
Refunding Series 2009C	11/10/2009	06/01/10-06/01/21	2.00-4.00	8,885,000	4,795,000
Corporate purpose and refunding Series 2010A	08/30/2010	06/01/11-06/01/30	2.00-3.00	4,470,000	3,555,000
Corporate purpose Series 2010B	08/30/2010	06/01/12-06/01/30	1.00-4.15	2,675,000	2,305,000
Corporate purpose Series 2010C	08/30/2010	06/01/12-06/01/30	2.00-3.00	2,825,000	2,360,000
Corporate purpose Series 2011A	09/01/2011	06/01/12-06/01/31	2.00-4.00	6,330,000	5,540,000
Corporate purpose (taxable) Series 2011B	09/01/2011	06/01/13-06/01/26	2.25-4.35	1,590,000	1,290,000
Corporate purpose Series 2012A	03/15/2012	06/01/14-06/01/31	2.00-3.00	4,380,000	3,970,000
Corporate purpose and refund Series 2012B	03/15/2012	06/01/13-06/01/31	2.00-3.13	7,495,000	6,725,000
Corporate purpose (taxable) Series 2012C	06/28/2012	06/01/14-06/01/32	2.00-3.90	6,965,000	6,400,000
Corporate purpose Series 2012D	06/28/2012	06/01/14-06/01/32	2.00-3.46	7,175,000	6,230,000
Corporate purpose Series 2012E	12/12/2012	06/01/14-06/01/32	2.00-3.00	3,640,000	3,245,000
Corporate purpose (taxable) Series 2012F	12/10/2012	06/01/14-06/01/22	1.00-2.20	1,035,000	915,000
Corporate purpose and refund Series 2012G	11/28/2012	06/01/14-06/01/17	1.00-1.25	950,000	385,000
Corporate purpose Series 2012H	12/10/2012	06/01/15-06/01/32	2.00-3.00	2,385,000	2,225,000
Corporate purpose (taxable) and refund Series 2012I	12/04/2013	06/01/13-06/01/21	0.30-2.20	7,285,000	4,095,000
Corporate purpose Series 2014B	12/08/2014	06/01/16-06/01/34	3.00-3.65	18,835,000	18,835,000
Corporate purpose (taxable) Series 2014C	12/08/2014	06/01/16-06/01/34	3.00-4.16	7,615,000	7,615,000
				$ 130,370,000	$ 104,875,000

NOTE 7 – LONG-TERM DEBT (continued)

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

Fiscal Year	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2016	$ 4,774,098	$ 1,922,121	$ 2,240,902	$ 1,638,604
2017	4,940,525	1,790,409	2,314,475	1,573,169
2018	5,100,410	1,640,582	2,309,590	1,502,277
2019	4,583,605	1,481,318	2,836,396	1,426,723
2020	4,636,035	1,344,795	2,869,065	1,332,495
2021-2025	16,000,849	4,867,229	14,239,161	5,132,194
2026-2030	13,789,960	2,485,125	13,231,060	2,468,554
2031-2035	5,275,914	411,589	5,732,956	460,510
Total	$ 59,101,396	$ 15,943,168	$ 45,773,605	$ 15,534,526

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, 2015, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year	Current Portion
Diamond Jo Parking Ramp	10/16/07	06/01/11-06/01/37	7.50%	$ 23,025,000	$ 21,370,000	$ 410,000
				$ 23,025,000	$ 21,370,000	$ 410,000

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

Fiscal Year	Governmental Activities	
June 30	Principal	Interest
2016	$ 410,000	$ 1,602,750
2017	440,000	1,572,000
2018	475,000	1,539,000
2019	510,000	1,505,375
2020	550,000	1,465,125
2021-2025	3,420,000	6,642,750
2026-2030	4,910,000	5,173,625
2031-2035	7,045,000	3,014,625
2036-2040	3,610,000	411,000
Total	$ 21,370,000	$ 22,926,250

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 $20,800,000 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, 2015, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Water Utility Series 2008D	11/04/2008	06/01/10-06/01/23	3.00-5.00 %	$ $ 1,195,000	$ 755,000
Water Utility Series 2010D	09/21/2010	06/01/12-06/01/30	2.00-4.00	5,700,000	4,940,000
Sales Tax Incremental 2014	06/14/2014	06/01/23-06/01/29	4.00-5.00	7,190,000	7,190,000
Sales Tax Incremental 2015	06/15/2015	06/01/23-06/01/29	3.25-4.00	20,800,000	20,800,000
				$ 34,885,000	$ 33,685,000

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.

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year June 30	Business-type Activities Principal	Business-type Activities Interest
2016	$ 285,000	$ 1,266,916
2017	295,000	1,288,010
2018	305,000	1,278,978.00
2019	315,000	1,268,388
2020	330,000	1,257,408
2021-2025	10,400,000	5,840,239
2026-2030	19,095,000	2,776,492
2031	2,660,000	106,400
Total	$ 33,685,000	$ 15,082,831

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, 2015, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year	Current Portion
Lower Main Development	06/30/04	12/31/06-06/30/16	8.00 %	$ 182,000	$ 24,958	$ 24,958
Theisen Supply	11/22/06	12/31/08-06/30/18	8.25	810,323	320,163	95,503
40 Main LLC	08/06/09	06/01/11-06/01/37	6.50	690,529	466,487	65,728
				$ 1,682,852	$ 811,608	$ 186,189

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

Fiscal Year June 30	Governmental Activities Principal	Governmental Activities Interest
2016	$ 186,189	$ 55,690
2017	173,666	41,743
2018	195,881	28,381
2019	79,827	15,582
2020	85,174	10,235
2021	90,870	4,528
Total	$ 811,607	$ 156,159

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 $29,541,000 of SRF debt in 2015 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, 2015, are as follows:

Purpose	Date Authorized	Final Maturity Date	Interest Rates	Amount Authorized	Amount Outstanding End of Year	Current Portion
Clean Water	01/14/09	06/01/28	3.25 %	$ 1,847,000	$ 1,321,000	$ 83,000
Drinking Water	10/18/07	06/01/28	3.25	1,037,000	655,000	41,000
North Catfish Creek Stormwater	01/13/10	06/01/30	3.25	998,000	645,000	34,000
North Catfish Creek Sewer	01/13/10	06/01/30	3.25	1,141,000	736,000	39,000
Water Meter Replacement Stormwater	02/12/10	06/01/30	3.25	4,338,000	2,689,000	131,000
Water Meter Replacement Sewer	02/12/10	06/01/30	3.25	4,338,000	2,689,000	131,000
Upper Bee Branch Sewer	10/27/10	06/01/41	3.25	7,850,000	7,185,000	180,000
Water and Resource Recovery Center	08/18/10	06/01/39	3.25	74,285,000	63,758,158	2,309,000
Cogeneration	05/17/13	06/01/33	2.00	3,048,000	2,795,000	131,000
Bee Branch Stormwater	02/18/14	06/01/33	2.00	1,029,000	190,720	44,000
Bee Branch Stormwater	06/19/15	06/01/37	2.00	29,541,000	2,784,092	-
				$ 129,452,000	$ 85,447,970	$ 3,123,000

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

Fiscal Year June 30	Business-type Activities Principal	Business-type Activities Interest
2016	$ 3,123,000	$ 1,900,173
2017	3,182,000	1,830,053
2018	3,725,800	1,708,080
2019	4,307,721	1,675,808
2020	4,391,000	1,581,179
2021-2025	18,220,292	6,609,871
2026-2030	19,721,000	4,498,526
2031-2035	18,609,000	2,317,222
2036-2040	9,724,157	3,389,158
2041	401,000	13,031
Total	$ 85,404,970	$ 25,523,101

At June 30, 2015, the City of Dubuque had $33,764,300 of capital loan note funds available. These funds are available to the City by filing a disbursement request with the State of Iowa. The City expects to use the remaining available funds by fiscal year 2018. 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, 2015, the City did not meet the covenant for sewer related capital loan notes by $758,599. Sewer rates were raised 5% in fiscal year 2015, and 10% in fiscal year 2016. Rates will increase each subsequent fiscal year until bond covenant is met.

NOTE 7 – LONG-TERM DEBT (continued)

Loans Payable. Loans payable have been issued to fund several City projects. Loans payable at June 30, 2015, 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	$ 262,055	$ 25,433
Building Purchase Agreement	02/01/10	02/01/10-02/01/16	0.0	330,000	94,285	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	850,000	50,000
				$ 6,230,000	$ 5,706,340	$ 122,576

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

Fiscal Year	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2016	$ 97,143	$ 135,000	$ 25,433	$ 12,790
2017	97,143	135,000	26,721	11,501
2018	50,000	135,000	28,074	10,148
2019	50,000	135,000	29,495	8,727
2020	132,922	135,000	30,988	7,234
2021-2025	1,150,803	603,418	121,344	48,371
2026-2030	3,766,275	459,901	-	-
2031-2032	100,000	-	-	-
Total	$ 5,444,286	$ 1,738,319	$ 262,055	$ 98,771

NOTE 7 – LONG-TERM DEBT (continued)

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	$ 52,202,198	$ 11,095,000	$ (4,195,804)	$ 59,101,394	$ 4,774,098
Unaccreted premium	515,549	143,925	(9,140)	650,334	-
Unamortized discounts	(149,099)	-	12,312	(136,787)	-
Total general obligation bonds Tax	52,568,648	11,238,925	(4,192,632)	59,614,941	4,774,098
increment financing bonds	21,769,361	-	(399,361)	21,370,000	410,000
Unamortized discounts	(212,926)	-	8,872	(204,054)	-
Total tax increment financing bonds	21,556,435	-	(390,489)	21,165,946	410,000
Notes payable	1,030,036	-	(218,428)	811,608	186,189
Loans payable	5,541,428	-	(97,143)	5,444,285	97,143
Compensated absences	6,529,745	3,527,935	(3,666,328)	6,391,352	349,434
Net pension liability	43,560,647	-	(14,169,391)	29,391,256	-
Net OPEB liability	3,050,509	373,359	-	3,423,868	-
Total governmental activities	$ 133,837,448	$ 15,140,219	$ (22,734,411)	$ 126,243,256	$ 5,816,864
Business-type activities:					
General obligation bonds	$ 32,782,805	$ 15,355,000	$ (2,364,199)	$ 45,773,606	$ 2,240,902
Unaccreted premium	99,846	133,580	(5,556)	227,870	-
Unamortized discounts	(143,789)	-	10,707	(133,082)	-
Total general obligation bonds	32,738,862	15,488,580	(2,359,048)	45,868,394	2,240,902
Revenue bonds	13,160,000	20,800,000	(275,000)	33,685,000	285,000
Unaccreted premium	998,607	-	(66,359)	932,248	-
Unamortized discounts	(7,170)	(67,363)	717	(73,816)	-
Total revenue bonds	14,151,437	20,732,637	(340,642)	34,543,432	285,000
Capital loan notes	82,924,951	5,625,020	(3,102,000)	85,447,971	3,123,000
Loans payable	286,263	-	(24,208)	262,055	25,433
Compensated absences	996,687	533,409	(566,497)	963,599	21,267
Net pension liability	5,159,234	-	(1,452,251)	3,706,983	-
Net OPEB liability	642,419	78,736	-	721,155	-
Total business-type activities	$ 136,899,853	$ 42,458,382	$ (7,844,646)	$ 171,513,589	$ 5,695,602

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.

NOTE 7 – LONG-TERM DEBT (continued

Dubuque Metropolitan Area Solid Waste Agency

General Obligation Bonds. Dubuque County, Iowa issued a general obligation landfill faciliteis bond to provide funds for the acquisition and construction of major capital facilities.

The Dubuque Area Metropolitan Solid Waste Agency will reimburse Dubuque County for interest and principal payments from operating revenue. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. The amount outstanding as of June 30, 2015 is as follows:

Purpose	Date of Issue	Maturity Date	Interest Rate	Amount Originally Issued	Amount Outstanding End of Year
Landfill Facility	12/30/2014	06/01/16-06/01/34	2.0-4.0 %	$ 4,500,000	$ 4,500,000

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

Fiscal Year June 30	Principal	Interest
2016	$ 185,000	$ 127,584
2017	190,000	123,884
2018	195,000	120,084
2019	195,000	116,184
2020	200,000	110,334
2021-2025	1,090,000	456,625
2026-2030	1,270,000	300,913
2031-2034	1,175,000	95,360
Total	$ 4,500,000	$ 1,450,968

Changes in Long-Term Liabilities. Long term liability activity for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General oblitagion bond	$ -	$ 4,500,000	$ -	$ 4,500,000	$ 185,000
Unaccreted premium	-	139,086	-	139,086	-
Total general obligation bond	$ -	$ 4,639,086	$ -	$ 4,639,086	$ 185,000

NOTE 7 – LONG-TERM DEBT (continued)

Dubuque Initiatives and Subsidiaries. At December 31, 2014, 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.*	2,187,324
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
	27,181,708
Less: Current maturities	(448,206)
Non-current liability	$ 26,733,502

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:

2015	$	448,206
2016		446,302
2017		490,159
2018		515,236
2019		267,420
Thereafter		24,994,385
	$	27,181,708

* - 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.

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 $10,814,803 for 2015. 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 $600,000, and an aggregate-stop loss consistent with statutory limits for 2015. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense. The City purchases private insurance to include sworn Police Officers and Fire Fighters medical claims under a self- insured retention of $750,000 for each accident.

All funds of the City 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 $504,512 in the Health Insurance Reserve Fund and $1,454,193 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, 2015 and 2014, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
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	749,763	1,082,310
Claims and changes in estimates during fiscal year 2015	9,393,954	1,411,769
Claim payments	(9,639,205)	(1,039,886)
Liabilities at June 30, 2015	$ 504,512	$ 1,454,193

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, 2015, were $497,508.

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, 2015, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

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, 2015.

Litigation

The City Attorney reported that 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 $2.7 million, plus administrative costs, into a settlement fund. The settlement agreement has been approved by the Iowa district court and is being administered by Rust Consulting. A judgment bond will be issued by the City to finance the settlement fund. The district court has concluded that refunds will not be automatic; customers must file for a refund. 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. If the City receives the unclaimed refunds, they will be used to reduce the principal of the judgment bond.

The City Attorney has estimated that all other potential settlements and lawsuits against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2015. The City has additional commitments for signed construction contracts of $51,028,432 as of June 30, 2015. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

Dubuque Metropolitan Area Solid Waste Agency has recognized a liability only that portion of construction contracts representing construction completed through June 30, 2015. DMASWA has an additional commitment for a signed construction contract of $2,142,585 as of June 30, 2015. This commitment will be funded by bond proceeds.

Debt Guarantee

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

Dubuque Initiatives & Subsidiaries

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, 2014.

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.

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

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 534 active and 45 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.

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, 2015, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	$ 456,947
Interest on net OPEB obligation	188,031
Adjustment to annual required contribution	(178,220)
Annual OPEB cost	466,758
Contributions made, net of retiree contributions	(6,197)
Increase in net OPEB obligation	460,561
Net OPEB obligation, beginning of year	3,760,615
Net OPEB obligation, end of year	$ 4,221,176

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, 2015.

For the year ended June 30, 2015, the City paid $458,395 for retiree claims. Plan members eligible for benefits contributed $452,198 or 100% of the premium costs. The net resulted in City contributions of $6,197.

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, 2015 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$ 466,758	1 %	$ 4,221,176
June 30, 2014	583,450	32	3,760,615
June 30, 2013	581,872	(4)	3,363,982

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

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $4,550,896, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $4,550,896. The covered payroll (annual payroll of active employees covered by the plan) was approximately $32,126,628 and the ratio of the UAAL to covered payroll was 14.27%. As of June 30, 2015, there were no trust fund assets.

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

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

As of the July 1, 2014 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 6%. The ultimate medical trend rate is 5% beginning in year 2. The underlying inflation rate is 3%.

Mortality rates are from the RP2014 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 $10,356 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.

NOTE 11 – EMPLOYEE PENSION PLANS

Iowa Public Employees Retirement System IPERS

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

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

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

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's total contributions to IPERS for the year ended June 30, 2015 were $2,151,056. The Dubuque Metropolitan Area Solid Waste Agency's total contribution to IPERS for the year ended June 30,2015 were $57,656.

City Specific IPERS Disclosures

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of $14,687,678 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's collective proportion was .370349 percent which was a decrease of .014325 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of $1,119,097. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 159,624	$ -
Changes of assumptions	648,208	-
Net difference between projected and actual earnings on pension plan investments	-	5,601,456
Changes in proportion and differences between City contributions and proportionate share of contributions	84,575	-
City contributions subsequent to the measurement date	2,151,056	-
Total	$ 3,043,463	$ 5,601,456

$2,151,056 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Total
2016	$ (1,191,859)
2017	(1,191,859)
2018	(1,191,859)
2019	(1,191,859)
2020	58,386
	$ (4,709,050)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability:	$ 27,751,952	$ 14,687,678	$ 3,660,074

Dubuque Metropolitan Area Sold Waste Agency Specific (DMASWA) IPERS Disclosures

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the DMASWA reported a liability of $393,621 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The DMASWA's proportion of the net pension liability was based on the DMASWA's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the DMASWA's collective proportion was 0.009925 percent which was a decrease of 0.000384 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the DMASWA recognized pension expense of $29,991. At June 30, 2015, the DMASWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,280	$ -
Changes of assumptions	17,373	-
Net difference between projected and actual earnings on pension plan investments	-	150,117
Changes in proportion and differences between Agency contributions and proportionate share of contributions	2,268	-
Agency contributions subsequent to the measurement date	57,657	-
Total	$ 81,578	$ 150,117

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

$57,647 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Total
2016	$ (31,940)
2017	(31,940)
2018	(31,940)
2019	(31,940)
2020	1,564
	$ (126,196)

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Agency's proportionate share of the net pension liability:	$ 743,738	$ 393,621	$ 98,088

There were no non-employer contributing entries at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term Investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23 %	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100 %	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Payables to the Pension Plan - At June 30, 2015, the City reported no payables to the defined benefit pension plan for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

Municipal Fire and Police Retirement System of Iowa MFPRSI

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

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

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

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a $100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2015.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 30.41% for the year ended June 30, 2015.

The City's contributions to MFPRSI for the year ended June 30, 2015 was $3,969,126.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2014.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of $18,410,561 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2014, the City's proportion was 5.0788% which was a decrease of 0.0251% from it proportions measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of $1,502,471. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 52,104
Changes of assumptions	1,360,725	-
Net difference between projected and actual earnings on pension plan investments	-	8,654,297
Changes in proportion and differences between City contributions and proportionate share of contributions	-	117,897
City contributions subsequent to the measurement date	3,969,126	-
Total	$ 5,329,851	$ 8,824,298

$3,969,126 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Total
2016	$ (1,904,721)
2017	(1,904,721)
2018	(1,904,721)
2019	(1,904,721)
2020	155,311
	$ (7,463,573)

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

Actuarial Assumptions The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00 percent per annum
Rates of salary increase	4.00 to 15.11 percent, including inflation.
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 GAM table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return
Core Plus Fixed Income	7.0%		3.8%
Emerging Markets Debt	3.0		6.5
Domestic Equities	12.5		6.0
Master Limited Partnerships (MLP)	5.0		8.5
International Equities	12.5		7.0
Core Investments		40.0%	
Tactical Assets Allocation		35.0	6.0
Private Equity		15.0	9.8
Private Non-Core Real Estate	5.0		9.3
Private Core Real Estate	5.0		6.8
Real Estate		10.0	
Total		100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's

NOTE 11 – EMPLOYEE PENSION PLANS (continued)

fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.50 percent) or 1-percent higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability:	$ 35,300,776	$ 18,410,561	$ 4,376,313

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

Payables to the Pension Plan - At June 30, 2015, City of Dubuque, Iowa reported payables to the defined benefit pension plan of $13,874 for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

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 $4,619,086 reported as landfill closure and post closure care liability at June 30, 2015, 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 67% of cell 9. The Agency will recognize the remaining estimated cost of closure and post closure care of $494,707 as the remaining capacity is filled.

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

The Agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2015, funds have been restricted for closure and post closure costs in the amount of $4,443,440.

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, 2015 is $6,584,201, with $142,423 of depreciation expense during the year ended June 30, 2015. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2015, the DRA lease generated $5,181,465 in lease revenue.

NOTE 14– ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial a reporting requirements for state and local governments which provide their employees with pension benefits, including additional not disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net position liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pensions Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

		Business-Type Activities							
	Governmental Activities	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities	Transit System	Other Enterprise Funds	Internal Services	DMASWA Component Unit
Net Position June 30, 2014 as previously reported	$ 358,082,810	$ 37,658,534	$ 23,297,274	$ 31,601,057	$ 38,127,678	$ 10,495,750	$ 2,384,414	$ 737,223	$ 10,206,056
Net pension liability at June 30, 2014	(43,560,647)	(1,108,319)	(1,345,431)	(153,224)	(459,671)	(1,234,186)	(858,473)	(1,962,525)	(547,828)
Change in outflows of resources related to contributions made after the June 30, 2013 measurement date	5,524,391	117,327	142,436	16,221	48,664	130,659	90,884	207,766	57,997
Net Position July 1, 2014, as restated	$ 320,046,554	$ 36,667,542	$ 22,094,279	$ 31,464,054	$ 37,716,671	$ 9,392,223	$ 1,616,825	$ (1,017,536)	$ 9,716,225

NOTE 15 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

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

Statement No. 72, Fair Value Measurement and Application, issued February 2015, will be effective for the fiscal year ending June 30, 2016. The objective of this statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, will be effective for fiscal year ending June 30, 2016. The objective is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as amended.

Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other than Pension Plans, will be effective for the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about post-employment benefits other than pensions (other post-employment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, will be effective for fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, will be effective for the fiscal year June 30, 2016. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles.

Statement No. 77, Tax Abatement Disclosures, will be effective for the fiscal year June 30, 2017. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

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

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Required Supplementary Information
June 30, 2015

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, 2015

		Budgeted Amounts		Final to Actual
	Actual	Original	Final	Variance
RECEIPTS				
Property tax	$ 24,011,071	$ 24,011,071	$ 24,011,071	$ -
Tax increment financing	10,398,216	10,622,261	10,622,261	(224,045)
Other City tax	10,755,580	14,959,338	15,092,048	(4,336,468)
Licenses and permits	4,603,650	1,344,102	1,287,497	3,316,153
Use of money and property	12,658,010	12,903,511	11,856,209	801,801
Intergovernmental	33,139,639	54,838,264	66,557,121	(33,417,482)
Charges for fees and service	33,883,027	37,704,466	37,705,466	(3,822,439)
Special assessments	205,437	32,000	806,748	(601,311)
Miscellaneous	9,237,622	8,512,439	10,361,586	(1,123,964)
Total Receipts	138,892,252	164,927,452	178,300,007	(39,407,755)
EXPENDITURES				
Public safety	27,192,192	28,145,634	28,007,628	815,436
Public works	11,335,142	12,382,658	12,462,539	1,127,397
Health and social services	1,026,482	1,125,838	1,149,362	122,880
Culture and recreation	10,835,959	11,730,605	11,453,573	617,614
Community and economic development	13,092,830	13,443,888	13,048,129	(44,701)
General government	8,073,113	7,832,880	7,824,598	(248,515)
Debt service	8,539,749	8,982,241	9,413,416	873,667
Capital projects	24,392,421	36,838,327	59,903,247	35,510,826
Business-type activities	55,904,109	80,456,566	118,501,103	62,596,994
Total Expenditures	160,391,997	200,938,637	261,763,595	101,371,598
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES	(21,499,745)	(36,011,185)	(83,463,588)	61,963,843
OTHER FINANCING SOURCES, NET	53,299,084	29,886,684	63,754,743	(10,455,659)
EXCESS DEFICIENCY OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	31,799,339	(6,124,501)	(19,708,845)	51,508,184
BALANCE, BEGINNING OF YEAR	60,339,338	67,083,198	107,292,283	-
BALANCE, ENDING OF YEAR	$ 92,138,677	$ 60,958,697	$ 87,583,438	$ 51,508,184

See Notes to Required Supplementary Information.

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, 2015, was amended two times during the year to allow the City to increased function expenditures by $60,824,958 primarily for the carry-forward of unfinished capital improvement projects. During the year ended June 30, 2015, expenses for community and economic development and general government exceeded the budgeted amount.

The following is a reconciliation of the budgetary basis to the modified accrual basis of accounting:

				Governmental Funds	Enterprise Funds	
	Budgetary Basis	Accrual Adjustments	Modified Accrual/Accrual Basis	Modified Accrual Basis	Accrual Basis	Total
Receipts/Revenue	$ 138,892,252	$ (4,378,189)	$ 134,514,063	$ 93,998,206	$ 40,515,857	$ 134,514,063
Expenditures/Expenses	160,391,997	(27,077,724)	133,314,273	97,724,941	35,589,332	133,314,273
Deficiency of Receipts/Revenue Under Expenditures/Expenses	(21,499,745)	22,699,535	1,199,790	(3,726,735)	4,926,525	1,199,790
Other Financing Sources	53,299,084	(40,953,687)	12,345,397	4,508,655	7,836,742	12,345,397
Net	31,799,339	(18,254,152)	13,545,187	781,920	12,763,267	13,545,187
Balance, Beginning*	60,339,338	137,232,177	197,571,515	58,619,921	138,951,594	197,571,515
Balance, Ending	$ 92,138,677	$ 118,978,025	$ 211,116,702	$ 59,401,841	$ 151,714,861	$ 211,116,702

*Balance, Beginning for Enterprise Funds Accrual Basis reflects the prior year adjustment for GASB No. 68 net pension liability.

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

	2015
City's proportion of the net pension liability (asset)	0.0370349 %
City's proportionate share of the net pension liability	$ 14,688
City's covered-employee payroll	$ 24,210
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.67 %
Plan fiduciary net position as a percentage of the total pension liability	87.61 %

* The amounts presented for each fiscal year were determined as of June 30.

Data reported is measured as of July 1, 2014 (measurement date).

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

CITY OF DBUQUE, IOWA
SCHEDULE OF THE CITY'S CONTRIBUTION
IOWA PUPLIC EMPLOYEES RETIREMEN SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)
Required Supplementary Information

	2015	2014	2012	2011	2010	2009	2010	2008	2007	2006
Statutorily required contribution	$ 2,151	$ 2,164	$ 2,022	$ 1,911	$ 1,573	$ 1,415	$ 1,275	$ 1,164	$ 1,039	$ 983
Contributions in relation to the statutorily required contribution	(2,151)	(2,164)	(2,022)	(1,911)	(1,573)	(1,415)	(1,275)	(1,164)	(1,039)	(983)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 24,039	$ 24,210	$ 23,321	$ 23,676	$ 22,627	$ 21,275	$ 20,071	$ 19,246	$ 18,065	$ 17,091
Contributions as a percentage of covered-employee payroll	8.95 %	8.94 %	8.67 %	8.07 %	6.95 %	6.65 %	6.35 %	6.05 %	5.75 %	5.75 %

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumption

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 to 3.00 percent.
- Decreased the assumed rate of interest on members account from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary streams in the future years. It also included the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

CITY OF DUBUQUE, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST FISCAL YEAR*
(IN THOUSANDS)
Required Supplementary Information

		2015
City's proportion of the net pension liability (asset)		5.0788 %
City's proportionate share of the net pension liability	$	18,410
City's covered-employee payroll	$	12,968
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll		141.96 %
Plan fiduciary net position as a percentage of the total pension liability		86.27 %

* The amounts presented for each fiscal year were determined as of June 30.

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

CITY OF DUBUQUE, IOWA
SCHEDULE OF THE CITY'S CONTRIBUTION
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST FISCAL YEAR*
(IN THOUSANDS)
Required Supplementary Information

	2015	2014	2012	2011	2010	2009	2010	2008	2007	2006
Statutorily required contribution	$ 3,969	$ 3,906	$ 3,310	$ 3,177	$ 2,404	$ 1,966	$ 2,078	$ 2,632	$ 2,730	$ 2,704
Contributions in relation to the statutorily required contribution	(3,969)	(3,906)	(3,310)	(3,177)	(2,404)	(1,966)	(2,078)	(2,632)	(2,730)	(2,704)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 13,052	$ 12,968	$ 12,672	$ 12,831	$ 12,080	$ 11,565	$ 11,083	$ 10,330	$ 9,838	$ 9,585
Contributions as a percentage of covered-employee payroll	30.41 %	30.12 %	26.12 %	24.76 %	19.90 %	17.00 %	18.75 %	25.48 %	27.75 %	28.21 %

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

CITY OF DUBUQUE, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN (OPEB)
FOR THE YEAR ENDED JUNE 30, 2015

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)
2013	07/01/12	-	$ 5,720,577	$ 5,720,577	- %	$ 31,830,608	18.00 %
2014	07/01/12	-	5,720,577	5,720,577	-	32,626,573	17.53
2015	07/01/14	-	4,550,896	4,550,896	-	32,126,628	14.20

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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, 2015

	Special Revenue Funds			
	Road Use Tax	Section VIII Housing	Employee Benefits	Tort Liability
ASSETS				
Cash and pooled cash investments	$ 1,274,711	$ 55,231	$ -	$ -
Receivables				
Property tax				
Delinquent	-	-	34,330	2,552
Succeeding year	-	-	4,881,930	370,550
Accounts and other	-	36,192	-	-
Special assessments	-	-	-	-
Accrued interest	-	720	-	-
Notes	-	-	-	-
Intergovernmental	592,645	31,793	-	-
Inventories	399,243	-	-	-
Prepaid items	26,695	2,927	-	-
Restricted cash and pooled cash investments	-	500,747	-	-
Total Assets	$ 2,293,294	$ 627,610	$ 4,916,260	$ 373,102
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 105,676	$ 119,881	$ -	$ -
Accrued payroll	42,244	7,278	-	-
Intergovernmental payable	-	4,987	-	-
Total Liabilities	147,920	132,146	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Succeeding year property tax	-	-	4,881,930	370,550
Special assessments	-	-	-	-
Grants	-	173	-	-
Other	-	-	6,559	488
Total Deferred Inflows of Resources	-	173	4,888,489	371,038
FUND BALANCES				
Nonspendable:				
Endowment corpus	-	-	-	-
Inventory	399,243	-	-	-
Long-term notes receivable	-	-	-	-
Prepaid items	26,695	2,927	-	-
Restricted:				
Endowments	-	-	-	-
Library	-	-	-	-
Debt service	-	-	-	-
Capital improvements	1,719,436	-	-	-
Franchise agreement	-	-	-	-
Special assessments	-	-	-	-
Claims	-	-	-	2,064
Iowa Finance Authority Trust	-	-	-	-
Community programs	-	492,364	-	-
Employee benefits	-	-	27,771	-
Committed, capital improvements	-	-	-	-
Total Fund Balances	2,145,374	495,291	27,771	2,064
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,293,294	$ 627,610	$ 4,916,260	$ 373,102

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
$ 72	$ 265,980	$ 1,213,688	$ 1,750	$ 2,204,657	$ 24,121	$ 364,091	$ 3,069,707
-	-	-	-	-	1,540	-	-
-	-	-	-	-	290,940	-	-
-	145,938	-	-	-	-	-	-
756,293	-	-	-	-	-	-	-
-	428	1,963	-	26,480	39	589	4,965
-	-	-	75,801	7,053,443	-	-	657,518
-	-	-	15,000	196,643	-	1,026,032	327,208
-	-	-	-	-	-	-	-
-	15,891	-	-	11,737	-	-	-
-	-	-	-	-	-	1,005,202	1,781,429
$ 756,365	$ 428,237	$ 1,215,651	$ 92,551	$ 9,492,960	$ 316,640	$ 2,395,914	$ 5,840,827
$ -	$ 7,901	$ 3,281	$ -	$ 85,151	$ -	$ 390,575	$ 196,268
-	2,416	-	-	8,813	-	-	-
-	-	-	-	-	-	-	-
-	10,317	3,281	-	93,964	-	390,575	196,268
-	-	-	-	-	290,940	-	-
720,712	-	-	-	-	-	-	-
-	-	-	-	196,643	-	766,952	-
-	-	-	-	-	169	-	-
720,712	-	-	-	196,643	291,109	766,952	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	657,518
-	15,891	-	-	11,737	-	-	-
-	-	-	-	-	-	-	-
-	-	1,212,370	-	-	-	-	-
-	-	-	-	-	25,531	-	-
-	-	-	-	-	-	1,238,387	-
-	402,029	-	-	-	-	-	-
35,653	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	92,551	-	-	-	-
-	-	-	-	9,190,616	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,987,041
35,653	417,920	1,212,370	92,551	9,202,353	25,531	1,238,387	5,644,559
$ 756,365	$ 428,237	$ 1,215,651	$ 92,551	$ 9,492,960	$ 316,640	$ 2,395,914	$ 5,840,827

(Continued)

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT A-1
(continued)

	Capital Projects Funds	Permanent Funds		
	Street Construction	Ella Lyons Peony Trail Trust	Library Gifts Trust	Total Nonmajor Governmental Funds
ASSETS				
Cash and pooled cash investments	$ 5,453,211	$ -	$ 11	$ 13,927,230
Receivables				
Property tax				
Delinquent	-	-	-	38,422
Succeeding year	-	-	-	5,543,420
Accounts and other	75	-	-	182,205
Special assessments	-	-	-	756,293
Accrued interest	8,821	76	34	44,115
Notes	-	-	-	7,786,762
Intergovernmental	890,545	-	-	3,079,866
Inventories	-	-	-	399,243
Prepaid items	-	-	-	57,250
Restricted cash and pooled cash investments	1,909,458	141,192	20,867	5,358,895
Total Assets	$ 8,262,110	$ 141,268	$ 20,912	$ 37,173,701
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 550,520	$ -	$ -	$ 1,459,253
Accrued payroll	-	-	-	60,751
Intergovernmental payable	-	-	-	4,987
Total Liabilities	550,520	-	-	1,524,991
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Succeeding year property tax	-	-	-	5,543,420
Special assessments	-	-	-	720,712
Grants	371,426	-	-	1,335,194
Other	28,309	-	-	35,525
Total Deferred Inflows of Resources	399,735	-	-	7,634,851
FUND BALANCES				
Nonspendable:				
Endowment corpus	-	57,412	12,000	69,412
Inventory	-	-	-	399,243
Long-term notes receivable	-	-	-	657,518
Prepaid items	-	-	-	57,250
Restricted:				
Endowments	-	83,856	8,912	92,768
Library	-	-	-	1,212,370
Debt service	-	-	-	25,531
Capital improvements	-	-	-	2,957,823
Franchise agreement	-	-	-	402,029
Special assessments	-	-	-	35,653
Claims	-	-	-	2,064
Iowa Finance Authority Trust	-	-	-	92,551
Community programs	-	-	-	9,682,980
Employee benefits	-	-	-	27,771
Committed, capital improvements	7,311,855	-	-	12,298,896
Total Fund Balances	7,311,855	141,268	20,912	28,013,859
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,262,110	$ 141,268	$ 20,912	$ 37,173,701

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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, 2015

	Special Revenue Funds			
	Road Use Tax	Section VIII Housing	Employee Benefits	Tort Liability
REVENUES				
Taxes	$ -	$ -	$ 5,117,544	$ 380,516
Special assessments	-	-	-	-
Intergovernmental	6,141,194	4,857,584	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Contributions	-	1,017	-	-
Miscellaneous	38,969	88,538	-	-
Total Revenues	6,180,163	4,947,139	5,117,544	380,516
EXPENDITURES				
Governmental activities				
Current				
Public works	5,045,179	-	-	-
Health and social services	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	5,245,824	-	-
General government	25,861	-	18	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital projects	-	-	-	-
Total Expenditures	5,071,040	5,245,824	18	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,109,123	(298,685)	5,117,526	380,516
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Premium on bonds	-	-	-	-
Transfers in	-	351,830	-	-
Transfers out	(358,893)	-	(5,141,335)	(382,075)
Insurance recovery	-	-	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	(358,893)	351,830	(5,141,335)	(382,075)
NET CHANGE IN FUND BALANCES	750,230	53,145	(23,809)	(1,559)
FUND BALANCES, BEGINNING	1,395,144	442,146	51,580	3,623
FUND BALANCES, ENDING	$ 2,145,374	$ 495,291	$ 27,771	$ 2,064

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
$ -	$ -	$ -	$ -	$ -	$ 120,210	$ -	$ 1,752,050
85,501	-	-	-	-	-	-	-
-	-	-	171,247	3,043,157	47,500	1,399,722	-
-	-	2,027	-	5,856	-	217,770	-
46,292	1,658	6,018	-	65,222	-	6,678	22,122
-	-	-	-	-	-	99,374	500
12,397	619,434	82,987	-	7,817	-	-	2,171
144,190	621,092	91,032	171,247	3,122,052	167,710	1,723,544	1,776,843
-	-	-	-	54,199	-	103,630	-
-	1,144	-	-	23,005	-	-	-
-	-	100,396	-	114,302	-	-	-
-	-	-	92,360	4,202,051	-	-	-
-	508,489	-	-	-	79	-	-
-	-	-	-	-	4,910,735	-	-
-	-	-	-	-	3,442,829	-	-
-	-	-	-	-	-	1,804,313	835,230
-	509,633	100,396	92,360	4,393,557	8,353,643	1,907,943	835,230
144,190	111,459	(9,364)	78,887	(1,271,505)	(8,185,933)	(184,399)	941,613
-	-	-	-	82,292	-	813,990	938,072
-	-	-	-	1,207	-	11,914	13,785
-	-	-	-	378,807	8,599,683	402,774	3,676
(146,778)	-	(11,645)	-	(61,968)	(416,707)	(163,905)	(632,353)
-	-	-	-	-	-	-	-
-	-	-	-	105,764	-	-	-
(146,778)	-	(11,645)	-	506,102	8,182,976	1,064,773	323,180
(2,588)	111,459	(21,009)	78,887	(765,403)	(2,957)	880,374	1,264,793
38,241	306,461	1,233,379	13,664	9,967,756	28,488	358,013	4,379,766
$ 35,653	$ 417,920	$ 1,212,370	$ 92,551	$ 9,202,353	$ 25,531	$ 1,238,387	$ 5,644,559

(Continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT A-2
(continued)

	Capital Projects Funds	Permanent Funds		
	Street Construction	Ella Lyons Peony Trail Trust	Library Gifts Trust	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 2,628,073	$ -	$ -	$ 9,998,393
Special assessments	-	-	-	85,501
Intergovernmental	3,443,940	-	-	19,104,344
Charges for services	35,033	-	-	260,686
Investment earnings	23,206	5,787	87	177,070
Contributions	-	-	-	100,891
Miscellaneous	49,967	-	-	902,280
Total Revenues	6,180,219	5,787	87	30,629,165
EXPENDITURES				
Governmental activities				
Current				
Public works	-	-	-	5,203,008
Health and social services	-	-	-	24,149
Culture and recreation	-	3,711	-	218,409
Community and economic development	-	-	-	9,540,235
General government	-	-	-	534,447
Debt service				
Principal	-	-	-	4,910,735
Interest and fiscal charges	-	-	-	3,442,829
Capital projects	7,118,538	-	-	9,758,081
Total Expenditures	7,118,538	3,711	-	33,631,893
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(938,319)	2,076	87	(3,002,728)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,563,242	-	-	3,397,596
Premium on bonds	22,862	-	-	49,768
Transfers in	108,862	-	8,422	9,854,054
Transfers out	(296,314)	-	-	(7,611,973)
Insurance recovery	25,178	-	-	25,178
Sale of capital assets	-	-	-	105,764
Total Other Financing Sources (Uses)	1,423,830	-	8,422	5,820,387
NET CHANGE IN FUND BALANCES	485,511	2,076	8,509	2,817,659
FUND BALANCES, BEGINNING	6,826,344	139,192	12,403	25,196,200
FUND BALANCES, ENDING	$ 7,311,855	$ 141,268	$ 20,912	$ 28,013,859

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.

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 **EXHIBIT B-1**
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2015

	Refuse Collection	Salt	America's River Project	Total Other Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	$ 771,561	$ -	$ -	$ 771,561
Receivables				
Accounts	322,474	-	-	322,474
Accrued interest	1,329	-	-	1,329
Total Current Assets	1,095,364	-	-	1,095,364
NONCURRENT ASSETS				
Restricted cash and pooled cash investments	50,000	-	-	50,000
Capital assets				
Buildings	-	175,458	-	175,458
Improvements to other than buildings	-	686,312	-	686,312
Machinery and equipment	2,159,038	36,342	-	2,195,380
Accumulated depreciation	(1,165,639)	(39,384)	-	(1,205,023)
Net Capital Assets	993,399	858,728	-	1,852,127
Total Noncurrent Assets	1,043,399	858,728	-	1,902,127
Total Assets	2,138,763	858,728	-	2,997,491
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	127,814	-	-	127,814
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	14,741	-	2,015	16,756
Accrued payroll	31,535	-	-	31,535
General obligation bonds payable	4,627	-	-	4,627
Accrued compensated absences	1	-	-	1
Accrued interest payable	243	-	-	243
Due to other funds	-	88	-	88
Total Current Liabilities	51,147	88	2,015	53,250
NONCURRENT LIABILITIES				
General obligation bonds payable	85,452	-	-	85,452
Accrued Compensated Absences	270,462	-	-	270,462
Net pension liability	616,825	-	-	616,825
Net OPEB Liability	166,807	-	-	166,807
Total Noncurrent Liabilities	1,139,546	-	-	1,139,546
Total Liabilities	1,190,693	88	2,015	1,192,796
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	235,239	-	-	235,239
NET POSITION				
Net investment in capital assets	903,319	858,728	-	1,762,047
Unrestricted	(62,674)	(88)	(2,015)	(64,777)
Total Net Position	$ 840,645	$ 858,640	$ (2,015)	$ 1,697,270

CITY OF DUBUQUE, IOWA **EXHIBIT B-2**
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Refuse Collection	Salt	America's River Project	Total Other Enterprise Funds
OPERATING REVENUES				
Charges for sales and services	$ 3,782,675	$ 193,390	$ -	$ 3,976,065
Other	818	38,881	-	39,699
Total Operating Revenues	3,783,493	232,271	-	4,015,764
OPERATING EXPENSES				
Employee expense	2,546,424	557	-	2,546,981
Utilities	18,122	-	-	18,122
Repairs and maintenance	246,920	3,715	-	250,635
Supplies and services	655,945	212,780	24,000	892,725
Insurance	20,441	-	-	20,441
Depreciation	255,244	27,639	-	282,883
Total Operating Expenses	3,743,096	244,691	24,000	4,011,787
OPERATING INCOME (LOSS)	40,397	(12,420)	(24,000)	3,977
NONOPERATING REVENUES				
Investment earnings	5,659	-	-	5,659
Interest expense	(3,058)	-	-	(3,058)
Net Nonoperating Revenues	2,601	-	-	2,601
INCOME (LOSS) BEFORE TRANSFERS	42,998	(12,420)	(24,000)	6,578
TRANSFERS IN	-	50,277	23,590	73,867
CHANGE IN NET POSITION	42,998	37,857	(410)	80,445
NET POSITION, BEGINNING, AS RESTATED	797,647	820,783	(1,605)	1,616,825
NET POSITION, ENDING	$ 840,645	$ 858,640	$ (2,015)	$ 1,697,270

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2015

	Refuse Collection	Salt	America's River Project	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 3,770,166	$ 193,390	$ -	$ 3,963,556
Cash payments to suppliers for goods and services	(935,336)	(247,263)	(23,590)	(1,206,189)
Cash payments to employees for services	(2,597,592)	(557)	-	(2,598,149)
Other operating receipts	818	38,881	-	39,699
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	238,056	(15,549)	(23,590)	198,917
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	50,277	23,590	73,867
Payment of interfund balances	-	(34,728)	-	(34,728)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	15,549	23,590	39,139
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid	(4,507)	-	-	(4,507)
Interest paid	(3,058)	-	-	(3,058)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(7,565)	-	-	(7,565)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	6,540	-	-	6,540
NET INCREASE IN CASH AND POOLED INVESTMENTS	237,031	-	-	237,031
CASH AND POOLED INVESTMENTS, BEGINNING	584,530	-	-	584,530
CASH AND POOLED INVESTMENTS, ENDING	$ 821,561	$ -	$ -	$ 821,561

EXHIBIT B-3

	Business-type Activities - Enterprise Funds			
	Refuse Collection	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)	$ 40,397	$ (12,420)	$ (24,000)	$ 3,977
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	255,244	27,639	-	282,883
Change in assets and liabilities				
(Increase)Decrease in receivables	(12,509)	-	-	(12,509)
Increase (Decrease) in accounts payable	6,092	(30,768)	410	(24,266)
Increase (Decrease) in accrued liabilities	(24,761)	-	-	(24,761)
Increase (Decrease) in net pension liability	(241,648)	-	-	(241,648)
(Increase) Decrease in deferred outflows	(36,930)	-	-	(36,930)
Increase (Decrease) in deferred inflows	235,239	-	-	235,239
Increase in net OPEB liability	16,932	-	-	16,932
Total Adjustments	197,659	(3,129)	410	194,940
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 238,056	$ (15,549)	$ (23,590)	$ 198,917

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, 2015

	General Service	Garage Service	Stores/ Printing
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	$ -	$ 112,533	$ -
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	61,842	12,865
Prepaid items	-	-	-
Total Current Assets	-	174,375	12,865
NONCURRENT ASSETS			
Capital assets			
Machinery and equipment	-	324,248	-
Accumulated depreciation	-	(84,159)	-
Net Capital Assets	-	240,089	-
Total Noncurrent Assets	-	240,089	-
Total Assets	-	414,464	12,865
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	219,064	73,125	-
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	16,077	-
Accrued payroll	19,596	19,192	-
Due to other funds	16,357	-	10,569
Total Current Liabilities	35,953	35,269	10,569
NONCURRENT LIABILITIES			
Net pension liability	1,057,199	352,903	-
Total Noncurrent Liabilities	1,057,199	352,903	-
Total Liabilities	1,093,152	388,172	10,569
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	403,185	134,587	-
NET POSITION			
Net investment in capital assets	-	240,090	-
Unrestricted	(1,277,273)	(275,260)	2,296
Total Net Position (Deficit)	$ (1,277,273)	$ (35,170)	$ 2,296

Health Insurance Reserve	Workers' Compensation Reserve	Total
$ 1,746,376	$ 871,579	$ 2,730,488
313,235	-	313,235
2,825	1,410	4,235
-	-	74,707
-	6,488	6,488
2,062,436	879,477	3,129,153
-	-	324,248
-	-	(84,159)
-	-	240,089
-	-	240,089
2,062,436	879,477	3,369,242
-	-	292,189
504,512	1,454,193	1,974,782
-	-	38,788
-	-	26,926
504,512	1,454,193	2,040,496
-	-	1,410,102
-	-	1,410,102
504,512	1,454,193	3,450,598
-	-	537,772
-	-	240,090
1,557,924	(574,716)	(567,029)
$ 1,557,924	$ (574,716)	$ (326,939)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICITS)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Service	Garage Service	Stores/ Printing
OPERATING REVENUES			
Charges for sales and services	$ 2,414,273	$ 2,184,180	$ 21,590
Other	-	35,771	-
Total Operating Revenues	2,414,273	2,219,951	21,590
OPERATING EXPENSES			
Employee expense	2,320,475	910,855	-
Utilities	-	26,520	3,865
Repairs and maintenance	-	32,288	-
Supplies and services	5,235	1,055,389	18,210
Insurance	11,628	27,626	-
Depreciation	-	28,337	-
Total Operating Expenses	2,337,338	2,081,015	22,075
OPERATING INCOME (LOSS)	76,935	138,936	(485)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	-	-	-
Gain on disposal of assets	-	5,765	-
INCOME (LOSS) BEFORE TRANSFERS	76,935	144,701	(485)
TRANSFERS IN	-	300,000	-
CHANGE IN NET POSITION	76,935	444,701	(485)
NET POSITION (DEFICIT), BEGINNING, AS RESTATED	(1,354,208)	(479,871)	2,781
NET POSITION (DEFICIT), ENDING	$ (1,277,273)	$ (35,170)	$ 2,296

Health Insurance Reserve	Workers' Compensation Reserve	Total
$ 9,937,907	$ 1,083,684	$ 15,641,634
25,569	1,533	62,873
9,963,476	1,085,217	15,704,507
-	-	3,231,330
-	-	30,385
-	-	32,288
9,639,205	1,039,886	11,757,925
29,372	190,926	259,552
-	-	28,337
9,668,577	1,230,812	15,339,817
294,899	(145,595)	364,690
12,292	7,850	20,142
-	-	5,765
307,191	(137,745)	390,597
-	-	300,000
307,191	(137,745)	690,597
1,250,733	(436,971)	(1,017,536)
$ 1,557,924	$ (574,716)	$ (326,939)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 2,414,273	$ 2,184,180	$ 21,590
Cash payments to suppliers for goods and services	(16,984)	(1,126,542)	(23,647)
Cash payments to employees for services	(2,395,425)	(933,529)	-
Other operating receipts	-	35,771	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	1,864	159,880	(2,057)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	300,000	-
Proceeds from interfund balances	-	-	2,057
Payment of interfund balnaces	(1,864)	(135,385)	
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(1,864)	164,615	2,057
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(217,727)	-
Proceeds from sale of capital assets	-	5,765	-
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	-	(211,962)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	-	112,533	-
CASH AND POOLED INVESTMENTS, BEGINNING	-	-	-
CASH AND POOLED INVESTMENTS, ENDING	$ -	$ 112,533	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	$ 76,935	$ 138,936	$ (485)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	-	28,337	-
Change in assets and liabilities			
Increase in receivables	-	-	-
(Increase) Decrease in inventories and prepaid items	-	25,082	(1,572)
Increase (Decrease) in accounts payable	(120)	(9,801)	-
Increase (Decrease) in net pension liability	(414,170)	(138,253)	-
(Increase) Decrease in deferred outflows	(63,296)	(21,128)	-
Increase in deferred inflows	403,185	134,587	-
Increase (Decrease) in accrued liabilities	(670)	2,120	-
Total Adjustments	(75,071)	20,944	(1,572)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 1,864	$ 159,880	$ (2,057)

Health Insurance Reserve	Workers' Compensation Reserve	Total
$ 9,723,837	$ 1,083,684	$ 15,427,564
(9,862,845)	(865,417)	(11,895,435)
-	-	(3,328,954)
25,569	1,533	62,873
(113,439)	219,800	266,048
-	-	300,000
-	-	2,057
-	-	(137,249)
-	-	164,808
-	-	(217,727)
-	-	5,765
-	-	(211,962)
16,435	8,870	25,305
(97,004)	228,670	244,199
1,843,380	642,909	2,486,289
$ 1,746,376	$ 871,579	$ 2,730,488
$ 294,899	$ (145,595)	$ 364,690
-	-	28,337
(214,070)	-	(214,070)
50,983	(6,488)	68,005
(245,251)	371,883	116,710
-	-	(552,422)
-	-	(84,424)
-	-	537,772
-	-	1,450
(408,338)	365,395	(98,642)
$ (113,439)	$ 219,800	$ 266,048

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 **EXHIBIT D-1**
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
CABLE EQUIPMENT FUND				
ASSETS				
Cash and pooled cash investments	$ 510,076	$ 218,431	$ 88,233	$ 640,274
Accounts receivable	54,656	-	3,578	51,078
Total Assets	$ 564,732	$ 218,431	$ 91,811	$ 691,352
LIABILITIES				
Accounts payable	$ 4,640	$ -	$ 4,640	$ -
Due to other agency	560,092	218,431	87,171	691,352
Total Liabilities	$ 564,732	$ 218,431	$ 91,811	$ 691,352
DOG TRACK DEPRECIATION FUND				
ASSETS				
Cash and pooled cash investments	$ 592,292	$ 124,586	$ 49,134	$ 667,744
Accrued interest	2,239	1,080	2,239	1,080
Total Assets	$ 594,531	$ 125,666	$ 51,373	$ 668,824
LIABILITIES				
Due to other agency	$ 594,531	$ 125,666	$ 51,373	$ 668,824
TOTAL AGENCY FUNDS				
ASSETS				
Cash and pooled cash investments	$ 1,102,368	$ 343,017	$ 137,367	$ 1,308,018
Accounts receivable	54,656	-	3,578	51,078
Accrued interest	2,239	1,080	2,239	1,080
Total Assets	$ 1,159,263	$ 344,097	$ 143,184	$ 1,360,176
LIABILITIES				
Accounts payable	$ 4,640	$ -	$ 4,640	$ -
Due to other agency	1,154,623	344,097	138,544	1,360,176
Total Liabilities	$ 1,159,263	$ 344,097	$ 143,184	$ 1,360,176

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Statistical Section (unaudited)
June 30, 2015

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.

Contents **Page**

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. 144

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 154

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. 158

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. 169

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. 172

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

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

	Fiscal -				
	2006	2007	2008	2009	2010
Governmental activities					
Net investment in capital assets	$ 267,762,059	$ 288,978,975	$ 296,143,451	$ 298,855,346	$ 309,126,684
Restricted	21,693,357	23,900,328	31,970,724	27,171,123	26,064,318
Unrestricted	15,132,486	21,921,571	18,987,841	(5,280,715)	(11,256,312)
Total governmental activities net position	$ 304,587,902	$ 334,800,874	$ 347,102,016	$ 320,745,754	$ 323,934,690
Business-type activities					
Net investment in capital assets	$ 88,802,536	$ 91,483,532	$ 95,104,575	$ 120,473,286	$ 124,805,513
Restricted	554,294	554,318	554,505	770,157	129,642
Unrestricted	13,258,072	11,214,900	11,312,806	12,321,125	11,679,961
Total business-type activities net position	$ 102,614,902	$ 103,252,750	$ 106,971,886	$ 133,564,568	$ 136,615,116
Primary government					
Net investment in capital assets	$ 356,564,595	$ 380,462,507	$ 391,248,026	$ 419,328,632	$ 433,932,197
Restricted	22,247,651	24,454,646	32,525,229	27,941,280	26,193,960
Unrestricted	28,390,558	33,136,471	30,300,647	7,040,410	423,649
Total primary government net positions	$ 407,202,804	$ 438,053,624	$ 454,073,902	$ 454,310,322	$ 460,549,806

TABLE 1

Year	2011	2012	2013	2014	2015
	$ 329,416,245	$ 347,890,769	$ 342,046,442	$ 354,732,451	$ 348,173,267
	23,738,199	26,180,100	23,491,207	21,501,638	22,044,478
	(4,891,381)	(16,876,988)	(8,361,688)	(18,151,279)	(49,576,407)
	$ 348,263,063	$ 357,193,881	$ 357,175,961	$ 358,082,810	$ 320,641,338
	$ 135,026,753	$ 132,237,734	$ 138,498,777	$ 138,842,390	$ 148,487,126
	893,519	957,802	6,011,848	5,315,519	7,796,668
	2,603,799	10,665,596	(641,384)	(593,202)	(4,568,933)
	$ 138,524,071	$ 143,861,132	$ 143,869,241	$ 143,564,707	$ 151,714,861
	$ 464,442,998	$ 480,128,503	$ 480,545,219	$ 493,574,841	$ 496,660,393
	24,631,718	27,137,902	29,503,055	26,817,157	29,841,146
	(2,287,582)	(6,211,392)	(9,003,072)	(18,744,481)	(54,145,340)
	$ 486,787,134	$ 501,055,013	$ 501,045,202	$ 501,647,517	$ 472,356,199

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

					Fiscal -
	2006	2007	2008	2009	2010
Expenses					
Governmental activities:					
Public safety	$ 18,892,980	$ 20,326,724	$ 16,966,210	$ 22,038,265	$ 22,067,988
Public works	16,390,322	16,505,560	18,847,068	19,079,688	22,121,629
Health and social services	678,748	759,367	800,566	849,237	852,099
Culture and recreation	9,627,505	9,837,299	10,857,409	12,640,716	11,446,084
Community and economic development	8,541,167	11,965,805	11,961,584	12,693,140	15,422,099
General government	3,868,687	4,940,154	5,804,003	6,423,908	7,963,016
Interest on long-term debt	1,460,730	1,400,748	2,577,417	3,164,126	3,101,897
Total governmental activities expenses	59,460,139	65,735,657	67,814,257	76,889,080	82,974,812
Business-type activities:					
Sewage disposal works	5,298,353	5,814,076	6,141,524	6,326,708	6,631,326
Water utility	4,700,483	4,780,063	4,814,692	6,100,491	6,093,827
Stormwater utility	1,153,628	1,198,675	1,706,735	2,138,198	2,213,144
Parking facilities	1,629,427	1,611,447	2,173,110	2,147,405	4,003,776
America's River Project	82,617	434,667	126,699	61,927	423,158
Refuse collection	2,463,795	2,496,018	2,724,050	2,788,665	2,703,887
Transit system	2,555,080	2,760,459	2,703,983	2,625,145	2,832,066
Salt	-	-	-	-	-
Total business-type activities expenses	17,883,383	19,095,405	20,390,793	22,188,539	24,901,184
Total primary government expenses	$ 77,343,522	$ 84,831,062	$ 88,205,050	$ 99,077,619	$ 107,875,996
Program Revenues					
Governmental activities:					
Charges for services					
Public safety	1,809,481	1,857,324	2,088,723	2,020,625	2,348,064
Public works	3,370,291	4,839,781	4,061,883	4,456,364	4,046,583
Culture and recreation	2,218,315	2,251,562	2,109,571	2,279,688	2,192,886
Other activities	895,920	1,074,550	1,382,889	1,557,597	2,412,880
Operating grants and contributions	12,902,410	11,641,904	11,709,123	12,599,967	20,830,113
Capital grants and contributions	6,881,573	23,741,282	8,032,602	4,811,729	10,748,522
Total governmental activities program revenues	28,077,990	45,406,403	29,384,791	27,725,970	42,579,048
Business-type activities:					
Charges for services					
Sewage disposal works	5,077,491	5,259,432	5,484,079	5,904,535	5,893,730
Water utility	4,669,340	4,743,896	4,875,530	5,320,642	5,326,202
Stormwater utility	928,850	1,227,243	1,766,334	2,291,249	2,282,625
Parking facilities	1,886,642	1,977,757	2,141,607	2,224,185	2,399,843
America's River Project	51,373	3,099	2,140	-	7,000
Refuse collection	2,397,525	2,642,251	2,710,583	2,872,649	2,893,017
Transit system	341,743	237,088	195,817	196,260	273,433
Salt	-	-	-	-	-
Operating grants and contributions	920,762	1,167,344	1,209,636	1,095,946	1,652,277
Capital grants and contributions	2,769,657	1,670,874	2,830,263	3,613,321	3,800,582
Total business-type activities program revenues	19,043,383	18,928,984	21,215,989	23,518,787	24,528,709
Total primary government program revenues	$ 47,121,373	$ 64,335,387	$ 50,600,780	$ 51,244,757	$ 67,107,757

TABLE 2

Year	2011	2012	2013	2014	2015
	$ 23,759,068	$ 26,326,367	$ 28,292,481	$ 27,578,517	$ 25,525,937
	18,978,423	22,917,747	21,607,536	21,306,882	19,207,837
	1,072,347	913,954	716,970	1,055,398	928,968
	10,911,733	12,749,558	13,647,178	13,696,331	13,002,690
	12,890,841	22,030,950	17,388,720	14,591,257	18,064,831
	9,052,704	6,133,983	6,248,483	9,610,084	6,420,173
	3,294,951	3,294,912	4,049,640	3,684,993	3,903,667
	79,960,067	94,367,471	91,951,008	91,523,462	87,054,103
	7,899,011	9,718,669	9,375,748	11,481,103	12,019,866
	6,523,993	7,410,710	6,817,772	8,812,340	7,800,393
	2,811,321	2,750,767	3,347,304	3,431,096	4,131,562
	4,775,834	3,152,055	3,586,405	3,732,492	3,383,419
	180,086	22,787	22,770	33,579	24,000
	2,828,891	3,173,075	3,468,859	3,750,366	3,740,404
	2,947,958	3,629,750	3,492,095	3,847,320	4,245,823
	671,647	661,395	346,066	56,468	244,691
	28,638,741	30,519,208	30,457,019	35,144,764	35,590,158
	$ 108,598,808	$ 124,886,679	$ 122,408,027	$ 126,668,226	$ 122,644,261
	2,579,573	2,915,562	2,495,737	2,624,455	2,532,114
	5,331,667	5,178,439	4,472,479	5,829,293	6,092,356
	2,108,177	2,321,553	2,488,844	2,321,265	2,547,843
	2,530,234	2,873,298	3,264,979	3,921,256	3,493,143
	14,204,627	23,013,997	13,995,316	12,784,907	11,992,439
	23,482,866	16,560,811	10,791,945	12,162,649	9,704,043
	50,237,144	52,863,660	37,509,300	39,643,825	36,361,938
	6,643,974	7,827,281	8,924,785	10,025,673	10,582,662
	5,638,277	6,037,073	6,922,582	7,248,790	7,463,430
	2,993,539	3,180,134	3,192,256	3,224,504	3,490,040
	2,750,610	2,908,989	2,883,865	2,920,148	3,036,214
	-	-	-	-	-
	3,082,197	3,257,960	3,346,795	3,700,922	3,783,493
	193,236	278,835	307,314	275,907	397,545
	773,258	665,942	395,000	45,600	232,271
	2,773,933	1,579,493	2,264,695	1,717,208	1,866,535
	6,536,527	5,323,486	1,240,583	2,920,942	10,020,715
	31,385,551	31,059,193	29,477,875	32,079,694	40,872,905
	$ 81,622,695	$ 83,922,853	$ 66,987,175	$ 71,723,519	$ 77,234,843

(Continued)

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

	2006	2007	2008	2009	Fiscal - 2010
Net (Expense)/Revenue					
Governmental activities	$ (31,382,149)	$ (20,329,254)	$ (38,429,466)	$ (49,163,110)	$ (40,395,764)
Business-type activities	1,160,000	(166,421)	825,196	1,330,248	(372,475)
Total primary government net expense	$ (30,222,149)	$ (20,495,675)	$ (37,604,270)	$ (47,832,862)	$ (40,768,239)
General Revenues and Other Changes in Net Position					
Governmental activities:					
General Revenues					
Property taxes	19,716,620	21,656,908	22,744,563	23,716,819	24,876,073
Local option sales tax	7,336,124	7,817,403	8,020,889	7,649,853	8,112,471
Hotel/motel tax	1,862,439	1,569,743	1,622,455	1,611,954	1,678,806
Utility franchise fees	1,521,201	1,492,920	1,516,123	1,486,292	1,591,712
Gaming	14,034,847	15,556,551	15,346,468	9,627,391	8,209,761
Unrestricted investment earnings	1,081,141	1,870,403	2,741,499	2,215,413	1,339,709
Gain on sale of capital assets	77,627	-	92,525	407,503	-
Other	572,602	586,931	898,241	918,605	880,930
Transfers	5,033,974	(7,633)	(2,252,155)	(24,826,982)	(3,104,762)
Total governmental activities	51,236,575	50,543,226	50,730,608	22,806,848	43,584,700
Business-type activities:					
General Revenues					
Unrestricted investment earnings	339,599	796,636	630,049	433,148	294,562
Gain on sale of capital assets	703	-	11,736	2,304	23,699
Extraordinary item	-	-	-	-	-
Transfers	(5,033,974)	7,633	2,252,155	24,826,982	3,104,762
Total business-type activities	(4,693,672)	804,269	2,893,940	25,262,434	3,423,023
Total primary government	$ 46,542,903	$ 51,347,495	$ 53,624,548	$ 48,069,282	$ 47,007,723
Change in Net Position					
Governmental activities	$ 19,854,426	$ 30,213,972	$ 12,301,142	$ (26,356,262)	$ 3,188,936
Business-type activities	(3,533,672)	637,848	3,719,136	26,592,682	3,050,548
Total primary government	$ 16,320,754	$ 30,851,820	$ 16,020,278	$ 236,420	$ 6,239,484

TABLE 2

Year	2011	2012	2013	2014	2015
	$ (29,722,923)	$ (41,503,811)	$ (54,441,708)	$ (51,879,637)	$ (50,692,165)
	2,746,810	539,985	(979,144)	(3,065,070)	5,282,747
	$ (26,976,113)	$ (40,963,826)	$ (55,420,852)	$ (54,944,707)	$ (45,409,418)
	28,249,114	30,816,614	32,668,554	33,264,283	36,277,719
	7,929,761	8,459,888	8,764,787	8,211,366	8,760,246
	1,826,809	1,903,944	1,953,763	2,006,514	2,623,551
	2,488,858	2,272,481	2,568,347	2,609,421	2,828,688
	13,327,223	8,785,453	8,452,298	7,878,008	7,397,709
	668,363	1,529,149	201,153	777,958	668,134
	149,937	1,417,048	907,122	483,782	19,495
	622,494	-	-	-	-
	(1,211,263)	(4,749,948)	(1,092,236)	(2,444,846)	(7,288,593)
	54,051,296	50,434,629	54,423,788	52,786,486	51,286,949
	184,581	206,672	65,351	135,461	185,356
	19,337	84,178	384,697	180,229	6,571
	(2,253,036)	(243,722)	(555,031)	-	-
	1,211,263	4,749,948	1,092,236	2,444,846	7,288,593
	(837,855)	4,797,076	987,253	2,760,536	7,480,520
	$ 53,213,441	$ 55,231,705	$ 55,411,041	$ 55,547,022	$ 58,767,469
	$ 24,328,373	$ 8,930,818	$ (17,920)	$ 906,849	$ 594,784
	1,908,955	5,337,061	8,109	(304,534)	12,763,267
	$ 26,237,328	$ 14,267,879	$ (9,811)	$ 602,315	$ 13,358,051

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

					Fiscal -
	2006	2007	2008	2009	2010
General Fund					
Reserved	$ 1,477,141	$ 4,455,303	$ 1,699,825	$ 4,864,701	$ 5,199,760
Unreserved	16,050,997	17,827,631	17,982,016	14,206,181	8,622,705
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	$ 17,528,138	$ 22,282,934	$ 19,681,841	$ 19,070,882	$ 13,822,465
All Other Governmental Funds					
Reserved	$ 15,564,016	$ 13,942,519	$ 31,887,038	$ 19,634,305	$ 24,404,656
Unreserved, reported in:					
Special revenue funds	7,277,471	7,586,898	7,431,931	5,981,390	4,011,022
Debt service fund	-	-	-	-	-
Capital projects funds	(981,248)	4,195,354	7,875,448	5,659,214	(989,025)
Permanent funds	83,367	115,825	33,958	35,550	33,273
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	$ 21,943,606	$ 25,840,596	$ 47,228,375	$ 31,310,459	$ 27,459,926

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

TABLE 3

Year				
2011*	2012	2013	2014	2015
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
868,631	5,613,359	6,646,278	6,549,063	6,082,043
8,904,490	5,549,803	3,434,440	1,904,805	647,772
6,139,306	9,371,016	8,806,171	7,356,066	8,693,524
$ 15,912,427	$ 20,534,178	$ 18,886,889	$ 15,809,934	$ 15,423,339
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,320,305	10,975,468	9,092,520	8,640,780	1,183,423
18,010,570	31,362,126	30,738,046	23,620,615	30,496,183
5,203,472	5,843,671	10,827,172	10,548,592	12,298,896
(377,363)	(429,344)	-	-	-
$ 33,156,984	$ 47,751,921	$ 50,657,738	$ 42,809,987	$ 43,978,502

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

					Fiscal -
	2006	2007	2008	2009	2010
Revenues					
Taxes	$ 30,043,167	$ 32,526,525	$ 33,898,692	$ 34,454,146	$ 36,252,156
Special assessments	322,214	586,459	177,585	250,372	318,178
Licenses and permits	965,712	1,052,896	1,153,429	1,088,386	1,115,472
Intergovernmental	15,021,722	16,744,703	14,256,523	15,796,822	27,310,624
Charges for services	6,620,243	7,351,191	7,833,151	8,029,189	8,063,284
Fines and forfeits	204,201	158,360	188,603	199,839	224,601
Investment earnings	1,096,445	1,913,420	2,731,953	2,206,382	1,348,615
Contributions	246,908	1,168,463	6,134,002	1,369,759	2,333,995
Gaming	14,034,847	15,556,551	15,346,468	9,627,391	8,209,761
Miscellaneous	1,106,991	1,149,546	1,269,376	1,600,679	2,111,834
Total revenues	69,662,450	78,208,114	82,989,782	74,622,965	87,288,520
Expenditures					
Current					
Public safety	19,535,369	20,743,196	21,542,661	21,335,192	21,979,729
Public works	11,605,567	12,506,378	16,331,107	14,261,551	19,251,625
Health and social services	715,598	783,209	797,644	815,873	813,609
Culture and recreation	9,998,462	10,244,244	10,277,787	12,227,506	14,909,517
Community and economic development	9,981,645	11,695,902	11,847,512	11,953,279	14,654,816
General government	4,090,866	4,441,043	6,310,939	5,836,839	6,368,308
Debt service					
Principal	1,325,970	1,663,339	1,762,375	2,169,678	2,651,765
Interest	1,493,504	1,412,012	2,406,431	3,095,166	3,145,735
Capital projects	14,528,340	8,227,257	15,351,848	24,274,120	14,831,118
Total expenditures	73,275,321	71,716,580	86,628,304	95,969,204	98,606,222
Excess (deficiency) of revenues over (under) expenditures	(3,612,871)	6,491,534	(3,638,522)	(21,346,239)	(11,317,702)
Other Financing Sources (Uses)					
Issuance of bonds	13,682	743,591	23,083,696	5,905,000	4,722,176
Discount on bonds	-	-	(266,158)	(48,516)	(31,990)
Premiums on bonds	-	-	-	-	554,796
Issuance of refunding bonds	1,515,750	-	2,965,000	-	8,885,000
Payment to refunded bonds escrow agent	(1,494,371)	-	(2,875,000)	-	(9,405,000)
Transfers in	7,334,605	10,394,726	14,801,589	7,451,152	7,993,297
Transfers out	(11,904,890)	(11,789,548)	(18,185,109)	(9,084,228)	(10,562,137)
Insurance recovery	-	-	-	-	-
Sale of capital assets	150,491	2,811,483	2,901,190	593,956	62,610
Total other financing sources (uses)	(4,384,733)	2,160,252	22,425,208	4,817,364	2,218,752
Net change in fund balances	$ (7,997,604)	$ 8,651,786	$ 18,786,686	$ (16,528,875)	$ (9,098,950)
Debt service as a percentage of noncapital expenditures	4.99 %	5.01 %	6.55 %	7.68 %	7.74 %

TABLE 4

Year	2011	2012	2013	2014	2015
	$ 40,428,894	$ 43,443,669	$ 45,440,973	$ 46,034,361	$ 50,490,204
	232,535	596,138	175,486	154,692	85,501
	1,170,922	1,570,022	1,271,771	1,136,941	1,198,420
	26,171,082	37,574,783	26,580,831	23,050,052	20,828,524
	8,723,086	9,296,329	8,952,179	10,264,257	10,711,243
	454,117	525,389	484,128	455,219	362,661
	654,587	1,511,437	180,016	756,809	668,134
	1,297,621	1,578,376	370,154	678,561	789,268
	13,327,223	8,785,453	8,452,298	7,878,008	7,397,709
	2,075,262	1,319,558	1,315,915	1,705,275	1,466,542
	94,535,329	106,201,154	93,223,751	92,114,175	93,998,206
	23,950,386	24,476,772	26,506,714	27,644,190	27,570,773
	14,429,415	12,385,929	13,416,108	13,942,772	11,200,427
	1,040,114	828,837	680,466	1,049,194	939,172
	11,279,951	10,873,474	11,218,019	12,351,497	12,300,454
	12,361,176	22,237,140	18,678,496	14,420,980	16,418,909
	7,686,929	6,335,947	5,035,108	5,898,293	5,977,605
	2,820,371	3,224,680	3,182,240	4,595,808	4,910,735
	3,321,157	3,220,546	3,991,115	3,650,694	3,577,829
	15,102,893	23,459,891	16,636,698	18,779,651	14,829,037
	91,992,392	107,043,216	99,344,964	102,333,079	97,724,941
	2,542,937	(842,062)	(6,121,213)	(10,218,904)	(3,726,735)
	6,996,722	27,215,363	6,577,268	-	11,137,321
	(39,547)	(71,689)	-	-	72,852
	1,642	123,990	-	-	-
	705,000	-	4,949,148	-	-
	(690,000)	-	(4,949,148)	-	-
	15,850,523	8,773,387	15,295,630	15,862,516	18,073,553
	(18,961,892)	(18,336,603)	(16,981,203)	(17,294,762)	(25,241,795)
	628,482	132,425	49,209	59,796	106,288
	753,153	2,221,877	2,438,837	666,648	360,436
	5,244,083	20,058,750	7,379,741	(705,802)	4,508,655
	$ 7,787,020	$ 19,216,688	$ 1,258,528	$ (10,924,706)	$ 781,920
	8.49 %	7.65 %	8.57 %	9.51 %	9.97 %

CITY OF DUBUQUE, IOWA
TAXABLE AND ASSESSED VALUE OF PROPERTY **TABLE 5**
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

		Real Property		Exemptions	Total		Total Taxable Value to Total Assessed Value	
Levy Year	Fiscal Year	Taxable Value	Assessed Value	Real Property	Taxable Value	Assessed Value		Total Direct Tax Rate
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
2013	2015	2,522,048	3,686,202	8,729	2,513,319	3,686,202	68.18	11.02588

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

CITY OF DUBUQUE, IOWA
PROPERTY TAX RATES **TABLE 6**
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
TAX RATES PER $1,000 ASSESSED VALUE

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
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
2013	2015	11.02588	13.99630	0.66355	0.90807	6.43124	33.02504	33.39

Separate components of the Dubuque City Rate is as follows:

Levy Year	Fiscal Year	General	Public Transit	Insurance	Employee Benefits	Debt Service	Total
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
2013	2015	8.10000	0.48268	0.16595	2.23209	0.04516	11.02588

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

	2015			2006		
Taxpayer	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 LLC	$ 56,945	1	2.26 %			
Kennedy Mall Inc.	35,410	2	1.40	$ 23,834	1	1.39 %
Progressive Processing LLC (Hormel)	25,065	3	0.99			
Medical Associates Realty LLC	20,945	4	0.83	17,880	2	1.05
Nordstrom, Inc.	15,559	5	0.62	16,723	4	0.98
Walter Development LLC	14,623	6	0.58			
The McGraw Hill Companies Inc.	14,487	7	0.57			
Platinum Holdings LLC	14,062	8	0.56	10,162	6	0.59
Flexsteel Industries Inc.	12,534	9	0.50			
Lexington Dubuque LLC	11,892	10	0.47	9,815	7	0.57
Otto A LLC				17,500	3	1.02
Asbury Dubuque LLC				9,095	9	0.53
Minglewood Limited Partnership				9,043	10	0.53
U.S. West Communications				9,401	8	0.55
American Trust & Savings Bank				10,531	5	0.62
	$ 221,522		8.78 %	$ 133,984		7.83 %

Source: Dubuque County Auditor's Office

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

TABLE 8

Fiscal Year	Levy Year	Total Tax Levy[1]	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections[2]	Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
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	99.9	185	0.87
2013	2012	22,789	22,752	99.8	7	22,759	99.9	182	0.80
2014	2013	23,993	23,915	99.7	8	23,923	99.7	211	0.88
2015	2014	24,866	24,715	99.4	7	24,722	99.4	362	1.46

[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

	Governmental Activities				Business -
Fiscal Year	General Obligation Bonds	Tax Increment Financing Bonds	Tax Increment Financing Notes	Other Loans Payable	General Obligation Bonds
2006	$ 24,036,627	$ 3,040,304	$ 590,439	$ -	$ 11,428,712
2007	22,870,646	2,594,831	1,279,885	-	10,895,593
2008	21,752,907	24,879,116	1,279,885	-	11,384,371
2009	25,941,693	24,363,262	1,169,684	150,000	14,448,770
2010	27,887,864	24,449,674	1,049,696	282,857	23,957,802
2011	32,561,048	23,037,222	1,931,348	282,857	25,254,652
2012	53,087,811	22,258,283	1,767,664	4,735,714	35,108,003
2013	56,517,165	21,920,537	1,235,903	5,638,871	34,921,131
2014	52,568,648	21,556,435	1,030,036	5,541,428	32,738,862
2015	59,614,941	21,165,946	811,608	5,444,285	45,868,394

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

Type Activities					
Capital Loan Notes	Revenue Bonds	Other Loans Payable	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
$ -	$ 940,000	$ -	$ 40,036,082	2.01%	$ 694
-	720,000	-	38,360,955	1.81	665
611,977	490,000	-	60,398,256	2.66	2,174
3,914,076	1,434,713	390,890	71,813,088	3.22	1,245
8,289,621	1,115,430	371,978	87,404,922	3.88	1,515
33,195,408	6,777,793	2,252,109	125,292,437	5.12	2,174
61,957,749	6,521,188	331,235	185,767,647	7.14	3,223
75,415,431	6,260,299	309,304	202,218,641	7.77	3,508
82,924,949	14,151,437	286,263	210,798,058	8.11	3,657
85,477,970	34,543,432	262,055	253,188,631	*	4,393

CITY OF DUBUQUE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING **TABLE 10**
LAST TEN FISCAL YEARS
DOLLARS IN THOUSANDS EXCEPT PER CAPITA

Fiscal Year	General Obligation Bonds	Taxable Value of Property	Percentage of Taxable Value of Property	Assessed Value of Property	Percentage of Assessed Value of Property	Per Capita
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
2015	105,483	2,522,048	4.18 %	3,686,202	2.86 %	1,830

CITY OF DUBUQUE, IOWA
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2015

TABLE 11

Jurisdiction	Net General Obligation Bonded Debt Outstanding [1]	Tax Increment Financing Bonds	Tax Increment Financing Notes	Sales Tax Revenue Bonds	Loans Payable	Percentage Applicable to City	Amount Applicable to Government
Direct, City of Dubuque, Iowa	$ 59,101,394	$ 21,370,000	$ 811,608	$ -	$ 5,444,285	100.00 %	$ 86,727,287
Overlapping:							
Dubuque County	4,500,000	-	-	-	1,052,668	0.06 %	3,332
Dubuque Community School District	-	-	-	47,863,000	-	99.88 %	47,805,564
Northeast Iowa Community College	-	-	-	-	47,270,000	0.06 %	28,362
Total Overlapping	4,500,000	-	-	47,863,000	48,322,668		47,837,258
Total	$ 63,601,394	$ 21,370,000	$ 811,608	$ 47,863,000	$ 53,766,953		$ 134,564,545

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)

	2006	2007	2008	2009
Debit limit	$ 138,789	$ 145,401	$ 148,824	$ 163,621
Total net debt applicable to limit	39,443	38,060	60,485	76,182
Legal debit margin	$ 99,346	$ 107,341	$ 88,339	$ 87,439
Total net debt applicable to the debt limit as a percentage of debt limit	28.42 %	26.18 %	40.64 %	46.56 %

TABLE 12

2010	2011	2012	2013	2014	2015
$ 167,247	$ 174,333	$ 177,668	$ 181,668	$ 183,621	$ 193,114
101,152	92,443	142,316	143,303	149,923	173,597
$ 66,095	$ 81,890	$ 35,352	$ 38,365	$ 33,698	$ 19,517
60.48 %	53.03 %	80.10 %	78.88 %	81.65 %	89.89 %

Legal Debt Margin Calculation for Fiscal Year 2015

Estimated actual value	$ 3,862,274,416
Debt limit - 5% of total actual valuation	$ 193,113,721
Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund)	$ 173,597,304
Legal debt margin	$ 19,516,417

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

TABLE 13

Fiscal Year	Gross Revenues[1]	Operating Expenses[2]	Net Revenue Available For Debt Service	Next Fiscal Year's Debt Service Requirements			Coverage[3]
				Principal	Interest	Total	
WATER UTILITY							
2008	$ 4,933	$ 3,959	$ 974	$ 39	$ 57	$ 96	10.15
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)
2015	7,511	6,322	1,189	285	211	496	2.40
STORMWATER UTILITY							
2009	2,402	1,309	1,093	75	58	133	8.22
2010	2,357	1,320	1,037	100	178	278	3.73
2011	3,023	1,679	1,344	231	243	474	2.84
2012	3,211	1,497	1,714	462	268	730	2.35
2013	3,194	2,019	1,715	320	309	629	1.87
2014	3,240	1,833	1,407	331	311	642	2.19
2015	3,551	2,162	1,389	341	356	697	1.99
SEWAGE DISPOSAL WORKS							
2009	6,084	5,093	991	-	7	7	141.57
2010	5,995	5,331	664	33	382	415	1.60
2011	6,699	6,029	670	34	1,129	1,163	0.58
2012	7,878	7,018	860	1,719	1,443	3,162	0.27
2013	8,951	6,113	2,838	2,326	1,423	3,749	0.76
2014	10,083	6,754	3,329	2,603	1,358	3,961	0.84
2015	10,629	6,950	3,679	2,610	1,435	4,045	0.91
PARKING BONDS							
2005	1,934	960	974	210	54	264	3.69
2006	1,933	977	956	220	44	264	3.62
2007	2,113	1,014	1,099	230	34	264	4.16
2008	2,224	1,495	729	240	23	263	2.77
2009	2,270	1,412	858	250	12	262	3.27

Parking revenue bonds matured in 2010.

[1] Total operating revenues (including interest).

[2] Total operating expenses exclusive of depreciation.

[3] Coverage is computed by dividing net revenue available for debt service by debt service requirement.

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

TABLE 14

Fiscal Year	Water Revenue	Sewer Revenue	Gallons Billed
2006	$ 4,534,013	$ 4,802,519	1,842,678,178
2007	4,599,040	5,142,044	1,929,908,816
2008	4,747,206	5,348,001	1,971,517,064
2009	5,085,319	5,684,459	1,836,957,848
2010	5,209,591	5,710,768	1,822,051,488
2011	5,561,910	6,502,740	1,903,364,420
2012	6,298,768	8,682,927	1,914,175,940
2013	6,701,771	8,472,382	1,945,227,547
2014	7,028,091	9,756,996	1,845,151,329
2015	7,231,393	10,417,833	1,864,028,948

Source: Cash basis receipt ledgers.

Note: Revenue includes charges for services, penalties, and investment earnings.
This table has been restated from prior years to remove sales tax from revenue.

WATER RATE SCHEDULE HISTORY

			Unit Price by Fiscal Year					
Steps	Gallons		2015	2014	2013	2012	2011	2010
First	22,440	@	$ 0.00406	$ 0.00387	$ 0.00355	$ 0.00309	$ 0.00294	$ 0.00283
Next	89,760	@	0.00332	0.00316	0.00290	0.00252	0.00240	0.00231
Next	261,800	@	0.00309	0.00294	0.00270	0.00235	0.00224	0.00215
Next	374,000	@	0.00274	0.00261	0.00239	0.00208	0.00198	0.00190
Excess		@	0.00240	0.00229	0.00210	0.00183	0.00174	0.00167

CITY OF DUBUQUE, IOWA
WATER METERS BY RATE CLASS **TABLE 15**
LAST TEN FISCAL YEARS

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
2015	20,969	1,968	83	76	23,096

CITY OF DUBUQUE, IOWA
LARGEST WATER AND SEWER CUTOMERS
FISCAL YEAR 2015

TABLE 16

Customer	Water Receipts	Rank	Percentage of Total Water Receipts	Sewer Receipts	Rank	Percentage of Total Sewer Receipts
Rousselot Inc	$ 343,148	1	4.75 %			
Hormel Foods Corporation*	145,460	2	2.01	$ 327,431	1	3.14 %
Prairie Farms Dairy Inc	79,224	3	1.10			
Hormel Foods Corporation*	68,063	4	0.94	146,866	2	1.41
Premier Linen & Dry Cleaning	49,588	5	0.69	103,737	3	1.00
Finley Hospital	43,170	6	0.60	74,796	4	0.72
Peninsula Gaming Co LLC	41,066	7	0.57	54,112	6	0.52
Mercy Medical Center	33,782	8	0.47			
Inland Protein Corporation	33,238	9	0.46			
Stonehill Nursing Home	32,022	10	0.44	53,620	7	0.51
Grand Harbor Resort & Waterpark				57,975	5	0.56
Yes Companies Exp LLC				49,651	8	0.48
Alpin Park Community				49,609	9	0.48
Tablemound Investments				48,205	10	0.46
Total Revenue	$ 7,231,393			$ 10,417,833		

*Same company, separate accounts. Previously combined several accounts under same business, now listerd seperately.

CITY OF DUBUQUE, IOWA
SALES TAX INCREMENT BONDS **TABLE 17**
FISCAL YEAR ENDING JUNE 30, 2015

Fiscal Year	Estimated Sales Tax Increment Revenue Receipts	Senior Lien Series 2015A Net Debt Service[1]	Remaining Revenues After Senior Lien Debt Service	Second Lien Series 2014 Debt Service[2]	Remaining Revenues after Second Lien Debt Service
2015	$ 1,784,299	$ -	$ 1,784,299	$ -	$ 1,784,299
2016	3,084,781	-	3,084,781	-	3,084,781
2017	3,915,672	-	3,915,672	(323,100)	3,592,572
2018	4,764,427	(762,650)	4,001,777	(323,100)	3,678,677
2019	4,764,911	(762,650)	4,002,261	(323,100)	3,679,161
2020	4,801,918	(762,650)	4,039,268	(323,100)	3,716,168
2021	5,593,037	(762,650)	4,830,387	(323,100)	4,507,287
2022	6,399,662	(762,650)	5,637,012	(323,100)	5,313,912
2023	6,869,796	(2,767,650)	4,102,146	(438,100)	3,664,046
2024	6,956,900	(2,771,000)	4,185,900	(1,393,500)	2,792,400
2025	6,956,900	(2,768,969)	4,187,931	(1,400,500)	2,787,431
2026	6,952,300	(2,771,031)	4,181,269	(1,344,250)	2,837,019
2027	6,952,300	(2,768,719)	4,183,581	(1,363,000)	2,820,581
2028	6,947,494	(2,768,394)	4,179,100	(1,365,000)	2,814,100
2029	6,713,458	(2,767,300)	3,946,158	(1,365,000)	2,581,158
2030	6,238,500	(2,768,800)	3,469,700	-	3,469,700
2031	5,797,823	(686,400)	5,111,423	-	5,111,423
2032	1,500,000	-	1,500,000	-	1,500,000
2033	1,500,000	-	1,500,000	-	1,500,000

[1] Net of capitalized interest and the debt service reserve fund.

[2] Consisting of the Sales Tax Increment Revenue Bonds (Unlimited Property Tax Supported), Second Lien Series 2014, dated June 16, 2014, issued under the Master Resolution. Net of capitalized interest.

CITY OF DUBUQUE, IOWA
DEMOGRAPHIC AND ECONOMIC STATISTICS **TABLE 18**
LAST TEN CALENDAR YEARS

Year	Population	Personal Income	Per Capita Personal Income[1]	Median Age[2]	Public School Enrollment[3]	Unemployment Rate[4]
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	2,600,293,255	45,115	39	10,578	4.4
2015	57,637	*	*	38	10,634	3.7

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 19

	2015			2006		
Employer	# of Employees	Rank	Percentage of Total City Employment[1]	# of Employees	Rank	Percentage of Total City Employment[1]
John Deere[2]	2,400	1	4.36 %	1,900	1	3.54 %
Dubuque Community Schools	1,946	2	3.53	1,410	2	2.62
Mercy Medical Center	1,313	3	2.38	1,324	3	2.46
Medical Associates	1,027	4	1.86	998	5	1.86
Unity Point Health	859	5	1.56	920	7	1.71
City of Dubuque	695	6	1.26	716	10	1.33
Eagle Window & Door	660	7	1.20	950	6	1.77
IBM	625	8	1.13			
Sedgwick	550	9	1.00			
Diamond Jo	510	10	0.93			
Flexsteel				750	9	1.44
Heartland Financial USA, Inc.[3]				760	8	1.41
McCoy Group[3]				1,200	4	2.23
	10,585		19.21 %	10,928		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.

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

				Full- Time
	2006	2007	2008	2009
Public Safety				
Emergency Communications	11.00	11.00	11.00	13.00
Fire	90.00	90.00	90.00	90.00
Police	99.00	100.00	101.00	108.67
Building Services	7.00	7.00	7.00	8.00
Public Works				
Public Works	87.00	87.00	87.00	88.00
Engineering	25.00	25.00	25.00	26.00
Health & Social Services				
Health Services	5.00	5.00	4.00	4.00
Human Rights	3.00	3.00	3.00	3.00
Cultural and Recreation				
Civic Center	1.15	0.15	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	7.93	7.93	7.93
Community & Economic Development				
Community / Economic Dev	3.00	3.00	3.00	3.00
Housing Services	21.00	20.25	18.00	22.00
Planning Services	8.00	8.00	8.00	8.00
General Government				
Airport	13.00	13.23	12.00	12.00
Cable TV	2.00	2.00	2.00	2.00
City Clerk's Office	3.00	3.00	3.00	3.00
City Manager's Office	11.00	11.00	11.00	13.50
Finance	14.00	14.00	14.00	14.00
Legal	2.62	3.00	3.00	4.00
Information Services	6.00	6.00	7.00	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	8.00	8.00	7.00	7.50
Transit	8.55	8.00	7.00	7.00
Total	518.17	516.48	512.00	532.67

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 20

Equivalent as of June 30					
2010	2011	2012	2013	2014	2015
13.00	13.00	13.00	13.00	13.00	13.00
90.00	90.00	90.00	90.00	90.00	90.00
110.84	113.34	114.25	115.00	115.08	115.88
8.00	9.00	9.00	9.00	9.24	11.66
87.42	87.42	87.42	86.17	86.42	86.42
26.00	27.00	27.00	29.00	29.00	29.00
4.00	4.00	4.00	4.00	4.00	4.00
3.00	3.00	4.00	5.00	5.00	5.00
0.15	0.15	0.15	0.15	0.15	0.15
18.00	18.00	18.00	19.00	19.00	19.00
22.51	22.50	23.50	23.50	23.50	23.50
8.43	8.93	9.93	9.93	9.93	10.93
3.00	3.00	3.00	3.00	4.00	4.00
22.00	22.25	23.00	25.80	27.00	26.00
8.00	8.00	8.00	8.00	8.00	8.00
12.00	12.00	12.00	12.00	12.00	12.00
2.00	2.00	2.00	2.00	2.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00
15.00	15.00	14.00	15.00	15.00	16.00
14.00	14.00	14.00	14.00	14.08	14.88
4.66	5.00	5.00	5.00	5.00	5.00
7.00	7.00	7.00	7.50	8.00	8.00
24.00	25.00	25.00	25.00	26.00	26.00
18.00	18.00	18.00	18.00	18.00	18.00
9.00	9.00	9.00	9.00	9.00	9.00
6.00	7.00	6.00	6.00	6.32	8.00
539.01	546.59	549.25	557.05	561.72	568.42

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

				Fiscal -
	2006	2007	2008	2009
Public Safety				
Police				
Physical arrests	4,790	5,078	5,090	6,325
Traffic violations	8,398	6,842	6,881	8,801
Parking violations	46,575	42,530	40,741	36,457
Fire				
Number of calls answered	4,176	4,454	4,699	4,480
Inspections conducted	409	360	624	443
Sewer				
Sewage system				
Daily average treatment in gallons	8,500,000	8,000,000	10,310,000	7,981,000
Maximum daily capacity of treatment plant in gallons	13,500,000	13,500,000	13,500,000	21,131,000
Water systems				
Daily average consumption in gallons	8,057,000	7,950,000	7,812,000	7,845,000
Maximum daily capacity of plant in gallons	18,000,000	18,000,000	17,000,000	18,000,000
Refuse (Municipal Collection)				
Tonnage	10,573	10,807	11,798	10,774

Sources: Various City Departments.

Statistics updated for fiscal year 2006, 2007, & 2008.

TABLE 21

Year					
2010	2011	2012	2013	2014	2015
6,365	6,350	6,319	6,106	5,532	3,767
8,901	12,289	11,836	12,089	8,959	7,354
37,056	35,799	34,910	35,516	36,768	37,635
4,557	4,884	5,307	4,792	5,165	5,603
1,035	555	589	512	471	791
9,068,000	8,132,000	7,817,000	10,987,000	7,091,000	7,237,000
21,131,000	23,240,000	23,240,000	23,240,000	24,500,000	24,500,000
7,684,000	7,636,000	7,226,000	6,953,000	7,235,000	6,956,000
18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
10,615	10,660	11,180	10,535	10,311	10,690

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

				Fiscal -
	2006	2007	2008	2009
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]	295	307	317	320
Street lights[1]	1,755	1,802	1,855	1,877
Health and social services				
Hospital	2	2	2	2
Number of patient beds	421	405	405	405
Cultural and recreation				
Library	1	1	1	1
Golf	1	1	1	1
Parks	44	47	47	47
Acreage	845	898	898	898
Recreation				
Civic center	1	1	1	1
Swimming pools	2	2	2	2
Softball fields	7	8	8	7
Baseball fields	1	1	1	1
Tennis courts	19	19	19	20
Sewer				
Sewage system				
Miles of sanitary sewer[1]	263	286	290	295
Miles of storm sewers[1]	116	120	122	143
Number of treatment plants	1	1	1	1
Number of service connectors	21,443	21,568	21,633	21,347
Water systems				
Miles of water mains	313	315	316	317
Number of service connectors	21,257	21,210	21,243	21,347
Number of city owned fire hydrants	2,780	2,798	2,812	2,831

Sources: Various City Departments.

[1]City GIS System

TABLE 22

Year					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
22	22	22	22	22	22
6	6	6	6	6	6
3	3	3	3	3	3
321	325	328	329	331	333
1,916	1,931	2,081	2,084	2,110	2,161
2	2	2	2	2	2
389	389	389	389	389	373
1	1	1	1	1	1
1	1	1	1	1	1
48	48	51	51	51	53
901	901	1,001	1,001	1,001	974
1	1	1	1	1	1
2	2	2	2	2	2
7	7	7	7	7	11
1	1	1	1	1	1
20	20	20	20	20	20
300	300	304	304	307	320
144	150	155	141	144	145
1	1	1	1	1	1
21,599	21,702	22,393	22,428	22,888	22,928
318	319	320	321	315	318
21,986	22,092	22,161	22,536	22,702	22,787
2,843	2,854	2,863	2,879	2,336	2,346

CITY OF DUBUQUE, IOWA **Table 23**
RETAIL SALES
LAST TEN CALENDAR YEARS

Year	Taxable Retail Sales	Number of Businesses
2009	$ 961,287,890	2,026
2010	971,050,048	2,043
2011	1,014,284,468	2,009
2012	1,060,222,499	1,993
2013	1,057,837,212	2,008
2014	1,240,664,593	3,337
2015	*	*

Data Sources:
Iowa Department of Revenue

Prior years not available
* Unavailable at report date

Compliance Section
June 30, 2015

City of Dubuque, Iowa

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 22, 2016.

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 certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 2015-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. We consider the deficiencies described in Part II of the accompanying schedule of findings and questioned costs as items 2015-B and 2015-C to be significant deficiencies.

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, 2015 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.

Eide Bailly LLP

Dubuque, Iowa
February 22, 2016

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, 2015. 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.

Basis for Qualified Opinion on State of Good Repair Grants Program

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA 20.525 State of Good Repair Grants Program as described in finding number 2015-001 for Matching, Level of Effort, and Earmarking. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on State of Good Repair Grants Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the State of Good Repair Grants Program for the year ended June 30, 2015.

Opinion on the Other Major Federal Programs

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 its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

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 and therefore, material weaknesses and significant deficiencies may exist that were not identified. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying s*chedule of findings and questioned costs*. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Dubuque, Iowa
February 22, 2016

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		$ 1,391,484
Community Development Block Grants/Entitlement Grants	14.218		60,996
			1,452,480
Pass-through program from:			
Iowa Department of Economic Development:			
Community Development Block Grants/ Special Purpose/Insular Areas	14.225	08-DRADM-230	11,400
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-212	2,235,756
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRIFWP-203	187,330
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-NSP-019	38,334
			2,461,420
Direct program:			
Continuum of Care Program	14.267		75,103
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856		71,512
Section 8 Housing Choice Vouchers	14.871		4,196,739
Section 8 Housing Choice Vouchers	14.871		492,139
Section 8 Housing Choice Vouchers	14.871		31,470
Section 8 Housing Choice Vouchers	14.871		31,205
			4,751,553
Total U.S. Department of Housing and Urban Development			8,823,468
U.S. Department of the Interior:			
Pass-through program from:			
Iowa Department of Natural Resources:			
Outdoor Recreation Acquisition, Development and Planning	15.916	19-01291	33,900

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice:			
Pass-through program from:			
Iowa Department of Justice:			
Violence Against Women Formula Grants	16.588	VW-15-42B-CJ	$ 3,822
Direct program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		11,015
Edward Byrne Memorial Justice Assistance Grant Program	16.738		7,729
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,796
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,700
Pass-through program from:			
Dubuque County Sheriff's Office:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12-JAG-76310	29,027
			53,267
Total U.S. Department of Justice			57,089
U.S. Department of Transportation:			
Direct program:			
Airport Improvement Program	20.106		730,063
Airport Improvement Program	20.106		299,103
Airport Improvement Program	20.106		215,942
Airport Improvement Program	20.106		111,825
Airport Improvement Program	20.106		35,480
Airport Improvement Program	20.106		13,039
			1,405,452
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	HDP-2100-(679)-71-31	1,822,877
Highway Planning and Construction	20.205	STP-U-2100(634)--70-31	1,190,052
Highway Planning and Construction	20.205	STP-A-PA-27(4)86-31	364,642
Highway Planning and Construction	20.205	TCSP-052-2(129)--9S-31	96,025
Highway Planning and Construction	20.205	HDP-2100-(661)-71-31	71,819
Highway Planning and Construction	20.205	HDP-2100-(655)-71-31	37,053
Highway Planning and Construction	20.205	BROS-2100(659)--8J-31	33,487
Highway Planning and Construction	20.205	UYC-14-001	5,036
			3,620,991

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		$ 12,177
Federal Transit - Formula Grants	20.507		902,532
Federal Transit - Formula Grants	20.507		262,514
Federal Transit - Formula Grants	20.507		87,104
Pass-through program from:			
Iowa Department of Transportation:			
Federal Transit - Formula Grants	20.507	IA-95-X014 Shopping	78,283
Federal Transit - Formula Grants	20.507	IA-95-X014 Night Rider	54,022
Federal Transit - Formula Grants	20.507	IA-95-X014 FF15	46,824
			1,431,279
Direct program:			
State of Good Repair Grants Program	20.525		5,122,930
Total Federal Transit Cluster			6,566,386
Pass-through program from:			
Iowa Department of Transportation:			
Formula Grants for Rural Areas	20.509	ICB-CY14	199,196
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	IA-16-X005-210-14	46,273
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 15-402-M0OP	10,388
State and Community Highway Safety	20.600	PAP 14-402-M0OP	6,332
			16,720
Total U.S. Department of Transportation			11,855,018
Environmental Protection Agency:			
Direct program:			
Brownsfields Assessment and Cleanup Cooperative Agreements	66.818		100,584

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-through program from:			
Dubuque County Health Department:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5885BT22	$ 1,924
Iowa Department of Health and Human Services:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5885CP12	1,050
Total U.S. Department of Health and Human Services			2,974
Corporation for National and Community Service:			
Pass-through program from:			
Iowa Commission on Volunteers:			
AmeriCorps	94.006	14-AC-14	161,384
AmeriCorps	94.006	13-AC-13	43,509
Total Corporation for National and Community Service			204,893
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044		19,067
Total			$ 21,096,993

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 for governmental funds and the full accrual basis of accounting for the proprietary funds. 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.

Note 2 - Significant Accounting Policies

Governmental and proprietary 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 in the governmental fund types and on the full accrual basis – when expenditures are incurred in the proprietary fund types. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

Note 3 - 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	$ 92,666

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	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228
Highway Planning and Construction	20.205
Federal Transit Cluster:	
Federal Transit - Capital Investment Grants	20.500
Federal Transit - Formula Grants	20.507
State of Good Repair Grant Program	20.525

Dollar threshold used to distinguish between type A and type B programs:	$632,910
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESS

2015-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 and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Condition – During the course of our engagement, we proposed material audit adjustments to intergovernmental receivables, capital assets, and schedule of expenditures of federal awards 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 and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Recommendation – We recommend that finance staff continue to receive relevant training and that 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. Additional checks have been put in place to monitor the situations identified in this audit.

SIGNIFICANT DEFICIENCIES

2015-B Grant Reconciliation Process

Criteria – A properly designed system of internal control over grant accounting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition – During the course of our engagement, we noted several instances in which the City did not reconcile grant revenues with grant expenditures on the accrual basis.

Cause – Control activities relating to grant recording and processing vary between the different departments of the City. Furthermore, monitoring of grant revenues and expenses is not always performed by personnel of the finance department.

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

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

Recommendation – We recommend that finance designate a staff member to monitor the grant reconciliation process for all of the grants of the City. We also recommend staff follow City policy to perform monthly grant reimbursement requests if a grant is over $100,000.

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. Additional finance staff will be assigned for the review and auditing of grant documentation. The City's grant policy directs staff to request monthly draws if reimbursements due are $100,000 or more.

2015-C Tax Increment Financing Reconciliation Process

Criteria – A properly designed system of internal control over Tax Increment Financing (TIF) allows entities to properly segregate duties surrounding the preparation of TIF information.

Condition – During the course of our engagement, we noted the Budget Director prepares, reviews, and maintains all Tax Increment Financing duties.

Cause – Complexities surrounding the nature of TIF have caused most of the duties to be assigned to one individual.

Effect – The effect of this condition was controls were not properly segregated surrounding the preparation of the TIF forms certified to the County.

Recommendation – The Finance Department should implement additional controls over the management of its approximately $140,000,000 in TIF indebtedness. Such controls should include increasing supporting documentation for the amounts certified, formalizing a review and approval procedure, comparing future TIF needs with TIF abatement schedules and rebate agreements, and comparing future needs with cash on hand for each TIF district.

Response – The Finance Department and Economic Development Department will evaluate opportunities to aid in the preparation and review of TIF reports for both the State and County. Finance will receive the relevant training, and management will review documents used for the preparation of TIF reports.

Part III: Findings and Questioned Costs for Federal Awards:

MATERIAL WEAKNESS AND NONCOMPLIANCE:

2015-001 U.S. Department of Transportation
CFDA #20.525
State of Good Repair Grants Program

Matching, Level of Effort, Earmarking
Material Weakness in Internal Control and Noncompliance

Criteria – A properly designed system of internal control over compliance with the requirements of federal programs allows entities to meet those requirements set forth by the federal government in administering federal grants. 49 CFR Part 18.24 requires that entities expending federal awards follow applicable matching guidance provided by the federal agency.

Condition – The City did not match the appropriate amount of funds required by the State of Good Repairs Grant.

Cause – It appears the cause was due to using an incorrect formula during submission of grant expenses for reimbursement.

Effect – The City did not comply with applicable matching criteria approved by the Department of Transportation and received excess federal funding. The City was required to return excess funds to the Department of Transportation.

Recommendation – The City should put procedures in place to insure that they are following all requirements of federal grants related to the provisions of the 49 CFR Part 18.24.

Response – During the audit process the City became aware of a formula error that resulted in the City requesting $467,315 of excess grant funds. The excess funds have been returned to the U.S. Department of Transportation. Review procedures have been implemented to prevent this error in the future.

Part IV: Other Findings Related to Required Statutory Reporting:

2015-IA-A **Certified Budget** – Disbursements during the year ended June 30, 2015 exceeded the amount budgeted in the Community and Economic Development functions and the general government functions. 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.

2015-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.

2015-IA-C **Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2015-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
John Klostermann, employee, brother-in-law is owner of Drive Line of Dubuque	Services	$ 11,032
Dave Castro, employee, daughter is owner of East Mill Bakeshop & Catering	Services	763
Eileen Trimble, employee, brother and sister-in-law are owners of Jet Business Solutions	Services	5,960
John Liphardt, employee, brother-in-law is owner of Fred Jackson Tuckpointing	Services	199,518
Jane Smith, employee, brother-in-law is owner of Felderman Business Associates	Services	14,900
Janna Beau, employee, sister and brother-in-law are owners of Kramer Pest Control	Services	3,325
John Hefel, employee, spouse is owner of A Frame of Mind Framing & Gallery	Services	1,801

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

Name, Title, and Business Connection	Transaction Description	Amount
Michael Burds, employee, is owner of Michael W Burds	Services	$ 775
Tom Pregler, employee, father is owner of Overhead Door Company	Services	8,099
Kevin Schmitt, employee, mother is owner of Poor Man's Café	Services	6,599
Mike Kerth, employee, father-in-law is owner of Steve's Ace Hardware	Services	31,007

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with East Mill Bakeshop & Catering and Michael W Burds 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 Fred Jackson Tuckpointing Co., Poor Man's Catering, 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 Drive Line of Dubuque, Felderman Business Associates, A Frame of Mind Framing & Gallery, Overhead Door Company, Kramer Pest Control, and Steve's Ace Hardware may represent a conflict of interest.

Recommendation – We recommend the City review the transactions with Drive Line of Dubuque, Felderman Business Associates, A Frame of Mind Framing & Gallery, Overhead Door Company, Kramer Pest Control, and Steve's Ace Hardware with legal counsel.

Response –The transactions with Drive Line of Dubuque, Felderman Business Associates, A Frame of Mind Framing & Gallery, Overhead Door Company, Kramer Pest Control, and Steve's Ace Hardware are being reviewed with legal counsel. Due to the changing dynamics of our workforce and vendors, related party vendors are not easily identified until after the transaction has happened. The City monitors and self-reports incidents of related party transactions. The City has implemented a centralized list of known related party vendors for department review before purchasing.

2015-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.

2015-IA-F **Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

2015-IA-G **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

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

2015-IA-H **Revenue Debt –**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 2015.

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

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 – Although sewer rates were increased by 5% in fiscal year 2015, 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 10% in fiscal year 2016. Rates will increase 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.

2015-IA-I **Annual Urban Renewal Report** – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

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

2015-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 2014 that were based on incorrect calculations or did not represent TIF debt.

Recommendation – The City should have certified the needed corrections in the fall 2015. To minimize the likelihood of future errors, the City should implement additional controls over the management of its approximately $140,000,000 in TIF indebtedness. Such controls should include increasing supporting documentation for the amounts certified and formalizing a review and approval procedure.

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, 2015. The TIF form is prepared from source documentation including general ledger reports, TIF development agreements and TIF debt amortization schedules. The City will continue to monitor source documents to prevent future errors.

2015-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.

2015-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
Findings Related to the Financial Statements:				
2015-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.	Jean Nachtman, Finance Director 563-589-4133	Not determined at this date.
2015-B	Grant Reconciliation Process	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Jean Nachtman, Finance Director 563-589-4133	Not determined at this date.
2015-C	Tax Increment Financing Reconciliation Process	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Jean Nachtman, Finance Director 563-589-4133	Not determined at this date.
Findings Related to the Federal Programs:				
2015-001	Matching, Level of Effort, Earmarking	The corrective action plan was documented in our response to the auditor's comment. See the Schedule of Findings and Questioned Costs.	Jean Nachtman, Finance Director 563-589-4133	Not determined at this date.

No findings reported in the prior year.