

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

DUBUQUE, IOWA

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



2007-2012+2013  
2017★2019



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Kelly Goossen

Cover design by:  
Kristin Hill

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2019  
City of Dubuque, Iowa**

Prepared by:  
Department of Finance

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**Introductory Section**

**June 30, 2019**

**City of Dubuque, Iowa**

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# CITY OF DUBUQUE, IOWA

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March 30, 2020

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

The City of Dubuque, Iowa, pursuant to the requirements set forth by state and federal regulations, hereby submits the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Understanding the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial operations have been included.

The Code of Iowa requires an annual audit by independent certified public accountants or the State Auditor. The accounting firm of Eide Bailly LLP conducted the audit for fiscal year 2019. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of an annual single audit in conformity with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings, recommendations, and the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and grants, are included in the Compliance Section of this report. The independent auditors' report is included in the Financial Section of this report.

The City provides a full range of services including: police and fire protection; sanitation services; the construction and maintenance of roads, streets, and infrastructure; inspection and licensing functions; maintenance of grounds and buildings; regional airport; library; recreational activities; and cultural events. In addition to general government activities, the municipality owns and operates enterprises for a water system, water resource and recovery center (wastewater treatment), stormwater system, parking facilities, refuse collection, road salt and public transportation.

This report includes all funds of the City of Dubuque, as well as its component units. Component units are legally separate entities for which the City is financially accountable. This report includes the Dubuque Metropolitan Area Solid Waste Agency (DMASWA), Dubuque Initiatives and Subsidiaries, and Dubuque Convention and Visitors Bureau as discretely presented component units. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City of Dubuque and to differentiate its financial position and results of operations from those of the City. The City appoints a voting majority to the DMASWA governing board and operates the landfill. Dubuque Initiatives is organized to render service to the City Council of the City of Dubuque on matters of community interest, and in the event of dissolution, any assets or property of the

organization are transferred to the City. Dubuque Convention and Visitors Bureau's purpose is to strengthen the Dubuque area economy by competitively marketing the area as a destination for conventions, tour groups, sporting events, and individual travelers. The organization's board members include one City Council member, the City of Dubuque Mayor, and the City Manager. In the event of dissolution, any assets or property of the organization shall be transferred to the City. The City collects hotel/motel taxes and forwards 50% to Dubuque Convention and Visitors Bureau as the primary source of funds for its operations.

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

## **PROFILE OF THE CITY**

The City of Dubuque, incorporated in 1833, is located on the Mississippi River in northeast Iowa, adjacent to the states of Illinois and Wisconsin. Julien Dubuque, the city's namesake, first began mining lead in the area now known as Dubuque in 1788. Dubuque is the oldest city in Iowa and has a unique combination of the old and new, ranging from a historic downtown, numerous examples of Victorian architecture, and a Civil War era shot tower, to expanding industrial parks, multiple retail centers, revitalized riverfront and millwork districts and two casinos, one with a pari-mutuel dog track. The City of Dubuque has a stable, diversified economic base and is a major tri-state retail center. The City currently has a land area of 31.6 square miles, and a census 2010 population of 57,637. The U.S. Census Bureau's 2018 population estimate for Dubuque is 57,941. As the largest city in the tri-state area, Dubuque serves as the hub of a trade area with a population estimated at 250,000. As of July 2019, the City's unemployment rate was 2.4%, below the state unemployment rate of 2.5% and the 3.7% national rate.

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

## **ECONOMIC CONDITION AND OUTLOOK**

The economic condition and outlook of Dubuque continues to thrive. The City's economy has a diverse employer base including manufacturing, technology, health services, insurance, education, and government. The top 10 employers in the area employ less than 19% of the total workforce and cover five different industries, which insulates the City against the negative impact from a downturn in any one area of the economy. Several industry experts and associations have recognized the community's efforts to diversify its economy.

## **Industrial**

*Dubuque Industrial Center West (DICW):* Over 550 saleable acres were acquired in 1997. The DICW comprises 36 businesses with two additional businesses scheduled to arrive within the next 18 months. In November 2017, the Iowa Economic Development Authority (IEDA) announced that a “development-ready” site near Dubuque’s Industrial Center West is the latest industrial site to achieve certification through the Iowa Certified Sites Program. It joins 18 other sites in the state that have been designated as project-ready. The city-owned property consists of six parcels covering 163 total acres, of which 103 acres are developable. Medline Industries, Inc. announced plans to invest in a new 130,000-square-foot facility in the Dubuque Industrial Center West. The medical supply company will add more than 100 jobs and invest nearly \$20 million in the new customer service facility to be located on Innovation Drive. This project is scheduled to be completed, with the new building occupied, by the end of 2019. Universal Tank and Fabrication announced in November of 2017 that it plans to expand their operations. This locally-grown company manufactures high-quality pressure vessels and tanks for customers across the country. Universal Tank opened in October 2007 starting with 24 employees. Today this company employs more than 50 with plans to grow.

*Dubuque Industrial Center South (DICS):* In May 2017, Flexsteel Industries announced plans to relocate their manufacturing operations to a new site in the Dubuque Industrial Center South. The company will invest over \$28 Million to construct and equip a new state-of-the-art, 250,000-square-foot facility. The new facility has been operational since January 2019. This project came as a welcome development after months of collaboration by private and public entities.

*Dubuque Technology Park:* Located on the south side of the City is a 100-acre park designed to accommodate growing office businesses. Eight businesses are currently located in the park.

## **Commercial and Retail**

*Downtown Development:* Over \$780 million has been invested in the downtown area in building rehabilitation, new construction, and public improvements where more than 9,000 people work. Over 350 IBM employees work on two renovated floors of the nine-story Roshek Building where Heartland Financial relocated existing staff to the third and fourth floors. RSM US LLC occupies a portion of the second floor. Cottingham & Butler, headquartered in Dubuque and the nation’s 30th largest insurance broker, has invested over \$4.7 million and added over 200 employees to its Dubuque staff bringing their total local employment to nearly 700.

*Historic Millwork District:* The Historic Millwork District is saturated with history. It imbues the area with authenticity and character while offering valuable lessons about the importance of sustainable urban design strategies. Dubuque’s Historic Millwork District is a keystone to the region’s aggressive economic development strategy. With one million square feet of historic warehouse space ideal for urban mixed-use development, the District is perfectly suited to attract entrepreneurs, designers, residents, institutions, and businesses prepared to fuel Dubuque’s globally competitive and sustainable economy. The District is currently home to multiple eateries, breweries, and shopping venues. To date, nearly \$100 million has been invested into the transformation of the Millwork District and it is attracting entrepreneurs, residents, institutions, and businesses that are fueling Dubuque's competitive economy.

Construction of a 54-room Marriot Townplace Suite extended-stay hotel broke ground in June 2017 and opened in the spring of 2019. The four-story hotel is in the Historic Millwork District and was designed to model the existing architecture in the area.

*Brewery Neighborhood Conservation District:* The former Dubuque Brewing and Malting Company complex (aka H&W Building) is a collection of buildings constructed primarily of red brick between 1896 and 1934 on the northeast corner of Jackson and 30<sup>th</sup> Streets. The complex is eligible for the National

Register of Historic Places and is in Dubuque's Brewery Neighborhood Conservation District. The southern portion of the building was purchased by 3000 Jackson LC in March 2017 and work to restore the building began. The new owner obtained a demolition permit to deconstruct the unsound section of the structure and plan to stabilize and make immediate repairs to prevent further deterioration. Although a portion of the historic structure will be demolished, there are plans to repair, stabilize, and eventually completely restore the property in the future. This is anticipated to be a \$30 million project.

*Commercial Development:* Fiscal Year 2019 was an exceptional year for commercial development as many businesses broke ground on new projects in Dubuque. The Plaza 20 retail center was chosen to be the site of a new VA Clinic that will occupy approximately 22,000 sq.ft. of the former K-Mart building and JoAnn Fabric is currently remodeling approximately 30,000 square feet of the former K-Mart building. In addition plans for a new Sonic Drive-Thru have been submitted for the northside of Plaza 20.

Plan review and construction began on Phase I of the Mt. Carmel campus for construction of a new senior housing development by BVM-PHS Senior Housing, Inc. When all four phases are completed, a total of 450 dwelling units will be available.

## **Health Services**

ENT Medical Building completed construction of a new 9,000 sq. ft. medical facility along Cedar Cross Road in the summer of 2019.

Mercy Medical Center along with Medical Associates Clinic has begun construction of a \$25 million project to build a two-story building east of the hospital to serve as a hematology/oncology outpatient clinic. Iowa Health Facilities Council did grant their approval for a certificate of need for a linear accelerator included in the project.

## **Education**

The Dubuque community takes great pride in the quality of its educational system and it is a top priority for Dubuque citizens and leaders. Dubuque's public-school system was ranked #7 out of 2,200 school districts nationwide.

The Dubuque community schools district provides K-12 education through 11 elementary schools, three junior high schools, one middle school, and three high schools. Dubuque also offers two private school systems accredited by the State of Iowa. Holy Family Catholic Schools offers K-12 education at four elementary schools, one K-5 Spanish Immersion Program, a middle school, and a high school. The Dubuque Lutheran School offers K-5 education at one elementary school.

Dubuque boasts three private, liberal arts colleges offering a wide variety of undergraduate and graduate degree programs, a community college with a diverse certificate and degree programs, and a Bible college. The tri-state area features an additional state university and two more community colleges for a total of 18,000 college students. The University of Dubuque began the building permit process for a 17,000 square foot Welcome Center addition and a new 4,000 square foot student clinic

Dubuque Hempstead is amid a 27,000 sq. ft. aquatic facility on the north side of the school.

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

- The National Civic League named Dubuque a 2019 All-America City. This makes the fifth time in twelve years Dubuque has received this award which recognizes communities whose citizens work together to identify and tackle community-wide challenges and achieve uncommon results. Dubuque

received the 2019 award for the civic infrastructure built on the Inclusive Dubuque network of over 60 partners working to advance justice and social equity, and Imagine Dubuque 2017: A Call to Action, the comprehensive planning process that collected input from 6,000 residents to identify a roadmap for Dubuque's future. The application and presentation also featured three projects demonstrating how partners are impacting health outcomes for all residents. "Health Care for All" highlights the progress Crescent Community Health Center has made, the impact of the Pacific Islander Health Project, and the recent work of the Brain Health Task Force. The Bee Branch Creek Restoration Project was the second project highlighted and the collaborative work happening by the Dubuque Easts Well coalition to increase access to healthy local foods is the third.

- In 2018, Dubuque became a LEED-Certified City. As one of the 75 STAR-certified cities and counties in the U.S., Dubuque was recently named a LEED Certified City. STAR stands for Sustainability Tools for Assessing and Rating Communities. STAR Communities is a national framework for measuring and advancing local government's environmental, economic and community efforts to achieve sustainability. Leadership in Energy and Environmental Design, or LEED, for Cities is a program from the U.S. Green Building Council (USGBC) that advances healthy, green, and economically strong cities and communities.

## MAJOR INITIATIVES

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

*Bee Branch Watershed Flood Mitigation Project:* The City's \$232 million Bee Branch Watershed Flood Mitigation Project is a 20-year, multi-phased investment to mitigate flooding, improve water quality, stimulate investment, and enhance quality of life within the Bee Branch Watershed. The City has received more than \$160 million in state and federal funds for the project. The \$60 million Upper Bee Branch Creek Restoration phase of the project was completed, and a ribbon-cutting ceremony was held in July 2017 to celebrate the opening of the Bee Branch Creek Greenway. The \$25.9 million Bee Branch Creek Railroad Culverts Project was awarded in early 2019 and construction is underway. When complete in the summer of 2021, the improvements will increase the level of flood protection for over 1,300 homes and businesses from a 1 in 75- year rain event to a 1 in 500 - year rain event.

In 2016, the City of Dubuque was awarded a total of \$31.5 million through the U.S. Department of Housing & Urban Development (HUD) National Disaster Resilience Competition (NDRC) Grant awarded to the State of Iowa's "Iowa Watershed Approach." This total includes \$8.4 million for the Bee Branch Healthy Homes Resiliency Program in the form of five-year forgivable loans to improve 320 housing units, including owner-occupied homes; single-unit rentals; and small, multi-family residential units. The grant will also provide \$23.1 million for stormwater infrastructure improvements related to the Bee Branch Watershed Flood Mitigation Project. Specifically, this includes \$9 million towards the \$18 million project to install culverts to pass floodwaters from the Upper Bee Branch to the Lower Bee Branch through the railway yard on Garfield Avenue. The grant will also provide \$11.5 million towards the \$15.4 million project to provide drainage improvements from the Bee Branch Creek to the west along 22nd Street up Kaufmann Avenue all the way to Kane Street. Finally, the grant will provide \$2.6 million towards the \$11.3 million project to provide drainage improvements from the Bee Branch Creek to the west along 17th Street to West Locust Street and along West Locust Street towards Kirkwood Street. The HUD Resiliency Grant will expedite the completion of the Bee Branch Watershed Flood Mitigation Project, expanding its scope to lessen the flood damage caused by future flash floods.

As part of the Bee Branch project, the City will convert 240 alleys in the Bee Branch Watershed to “green alleys” which feature permeable concrete pavers. These specifically designed pavers allow water to pass through the surface and filter into the soil below. The green alleys are expected to reduce the amount of stormwater run-off in the watershed by up to 80 percent and prevent flooding. In addition to reducing stormwater run-off, the green alleys will replenish ground water and help prevent pollutants on roadways from running off into the storm sewer system, and ultimately, the Mississippi River. As of fall 2018, more than 80 alleys have been completed.

*Jule Operations and Training Center:* The City of Dubuque’s Public Transit Division, completed the Jule Operations and Training Center (JOTC) in Spring, 2018. The 41,000-square-foot facility replaced the century-old facility on Central Avenue and provides numerous operating efficiencies. The JOTC was constructed on a city-owned, Superfund site. The facility includes bus storage, dispatch and administrative offices, indoor classroom and outdoor vehicle training areas. The \$6.8 million project was supplemented with nearly \$5.3 million in state and federal funds.

*Southwest Arterial:* In 2013, the City of Dubuque and the Dubuque Metropolitan Area Transportation Study (DMATS) successfully negotiated a Memorandum of Understanding with the Iowa Department of Transportation (Iowa DOT) for the transfer of jurisdiction of the Southwest Arterial / U.S. Hwy 52 project, a 6.1-mile, four-lane, divided freeway with priority-one access control and will provide an alternative route for traffic through southwestern Dubuque. It will connect the Dubuque Technology Park on U.S. Hwy 61 / 151 with the new Dubuque Industrial Center West and the existing Dubuque Industrial Center near U.S. Hwy 20 / Dodge. Property acquisition was completed in 2016 and a groundbreaking ceremony was held in October 2016. Extensive construction is currently under way between US20 to US61-151. Highway paving will occur during the 2019 construction season. The Iowa DOT, DMATS, Dubuque County, and the City of Dubuque have budgeted - \$160 million to complete the 4-lane construction of the Southwest Arterial and is scheduled for completion in the summer of 2020.

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

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

- Robust Local Economy: Diverse Businesses and Jobs with Economic Prosperity
- Vibrant Community: Healthy and Safe
- Livable Neighborhoods and Housing: Great Place to Live

- Financially Responsible, High-Performance City Organization: Sustainable, Equitable, and Effective Service Delivery
- Sustainable Environment: Preserving and Enhancing Natural Resources
- Partnership for a Better Dubuque: Building Our Community that is Viable, Livable, and Equitable Diverse Arts, Culture, Parks, and Recreation Experiences and Activities
- Connected Community: Equitable Transportation, Technology Infrastructure, and Mobility

## FINANCIAL INFORMATION

*Internal Controls:* City management is responsible for establishing and maintaining internal controls to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

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

As a part of the City's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal programs, as well as to determine that the government has complied with applicable laws, regulations, contracts, and grants.

*Budgeting Controls:* In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the city council. All funds, except for fiduciary fund types which include pension trust funds, private purpose trust funds, and agency funds are included in the annual budget process. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by state programs. The government also maintains an encumbrance accounting system as one technique for accomplishing budgetary control. Encumbered amounts lapse at year-end; however, encumbrances generally are re-appropriated as part of the following year's budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

*Cash Management:* Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, federal agency obligations, and authorized mutual funds. The City (including DMSWA) received cash basis investment earnings of \$1,995,330 for the year. The investment policy adopted by the city council stresses the importance of capital preservation. The policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio.

*Risk Management:* The City of Dubuque is a member of a statewide risk pool for local governments, the Iowa Communities Assurance Pool (ICAP). The coverage for general and auto liability, as well as public official and police professional liability are acquired through this pool. Workers' compensation coverage up to \$750,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims reflected a \$592,470 net position as of June 30, 2019. 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 \$4,793,496 as of June 30, 2019. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

*Bond Rating:* Moody's Investors Service assigned a Aa3 rating to the \$2.2M GO Bonds, Series 2019A and \$860,000M Taxable GO Refunding Bonds, Series 2019B and \$4.2M GO Refunding Bonds, Series 2019C.



Moody's maintained a Aa3 rating on outstanding general obligation unlimited tax (GOULT) debt; a Aa3 rating on outstanding second lien sales tax increment debt that is ultimately backed by an unlimited property tax pledge; and an A2 rating on outstanding senior lien sales tax increment revenue bonds. The ratings incorporate the city's growing economy bolstered by the role as a regional economic center for northeast Iowa; revenue raising flexibility through multiple property tax levies; relatively low resident income level and an elevated leverage related to debt and pensions.. In September 2019, Moody's also affirmed the A2 rating on the water revenue debt. The A2 rating incorporates the system's large and diverse customer base and unlimited rate setting authority and moderate debt burden with limited plans for future debt issuance. The rating also considers the system's strong debt service coverage and liquidity.

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

## **AWARDS AND ACKNOWLEDGEMENTS**

*Awards:* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dubuque, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 31<sup>st</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

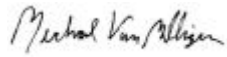
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

GFOA also awarded a Distinguished Budget Presentation Award to the City of Dubuque, Iowa, for its annual budget for the fiscal year ended June 30, 2020. 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 14<sup>th</sup> consecutive year that the City has achieved this prestigious award. This award is valid for a period of one year.

The City of Dubuque's investment policy was awarded the Certification of Excellence in July 2009 by the Association of Public Treasurers of the United States and Canada. The investment policy is reviewed every five years by the APT US&C. The investment policy was successfully recertified in 2016.

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

Sincerely,

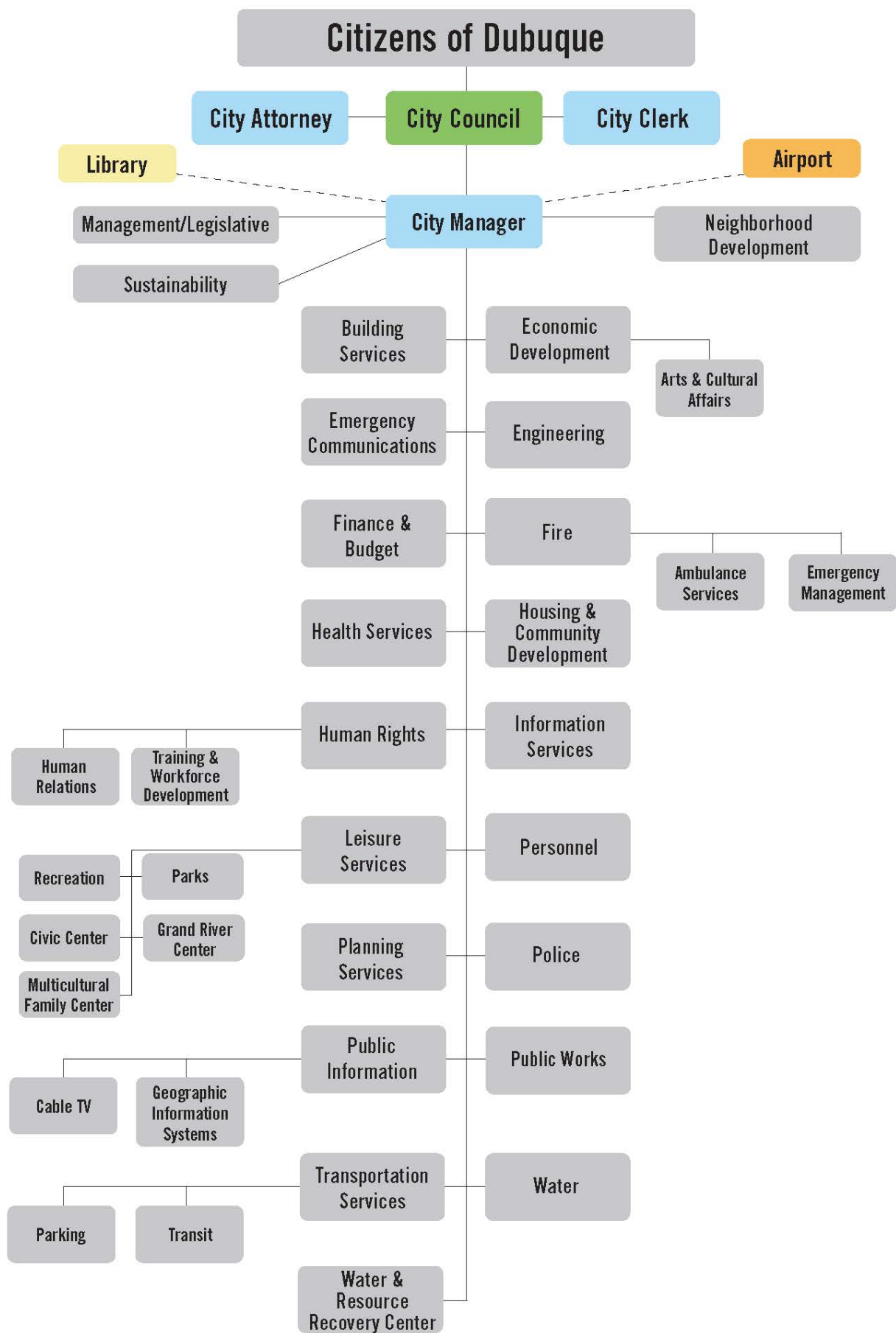


Michael C. Van Milligen  
City Manager



Jennifer M. Larson  
Director of Finance and Budget

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Elected by the  
Citizens of Dubuque

Appointed by the  
City Council

Appointed by the  
Library Board of  
Trustees

Appointed by the  
Airport Commission

Appointed by the  
City Manager

**CITY OF DUBUQUE, IOWA**  
**OFFICIALS**  
**JUNE 30, 2019**

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**CITY COUNCIL**

Roy D. Buol	Mayor
Ric W. Jones	Council Member – At Large
David T. Resnick	Council Member – At Large
Brett M. Shaw	Council Member – 1st Ward
Laura J. Roussell	Council Member – 2nd Ward
Danny Sprank	Council Member – 3rd Ward
Brad M. Cavanagh	Council Member – 4th Ward

**COUNCIL APPOINTED OFFICIALS**

Michael C. Van Milligen	City Manager
Barry A. Lindahl	Senior Counsel
Crenna M. Brumwell	City Attorney
Maureen A. Quann	Assistant City Attorney
Kevin S. Firnstahl	City Clerk

**DEPARTMENT MANAGERS**

Todd E. Dalsing	Airport Manager
Cori L. Burbach	Assistant City Manager
Therese H. Goodmann	Assistant City Manager
David A. Johnson	Building Services Manager
Gus N. Psihoyos	City Engineer
Jill M. Connors	Economic Development Director
Jennifer M. Larson	Director of Finance and Budget
Jennifer J. Raber	Finance Manager
Rick A. Steines	Fire Chief
Mary Rose Corrigan	Health Services Manager
Alexis M. Steger	Housing and Community Development Manager
Kelly R. Larson	Human Rights Director
Christine A. Kohlmann	Information Services Manager
Marie L. Ware	Leisure Services Manager
Susan A. Henricks	Library Director
Jerelyn N. O'Connor	Neighborhood Development Specialist
Shelley M. Stickfort	Human Resources Manager
Randy W. Gehl	Public Information Officer
John L. Klostermann	Public Works Director
Laura B. Carstens	Planning Services Manager
Mark M. Dalsing	Police Chief
Gina S. Bell	Sustainable Community Coordinator
V Renee Tyler	Transportation Services Director
Denise C. Blakeley Ihrig	Water Department Manager
William J. O'Brien	Water & Resource Recovery Center Manager



Government Finance Officers Association

**Certificate of  
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Reporting**

Presented to

**City of Dubuque  
Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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**Financial Section**  
**June 30, 2019**  
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, 2019 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 34 percent, 42 percent, and 32 percent, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dubuque Initiatives and Subsidiaries, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Dubuque Initiatives and Subsidiaries and Dubuque Convention and Visitors Bureau, discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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

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

### **Opinions**

In our opinion, based on our audit report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of June 30, 2019, 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.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dubuque, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2020, on our consideration of the City of Dubuque, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa  
March 30, 2020

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# **CITY OF DUBUQUE, IOWA**

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

### **FOR THE YEAR ENDED JUNE 30, 2019**

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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, 2019. 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 \$571,955,020 compared to net position of \$546,413,451 for fiscal year 2018.
- Governmental program revenues increased by \$3,041,677 from fiscal year 2018. This increase was due largely in part to a significant increase in grant revenues in public works in relation to the HUD Resiliency grant.
- The City's business type activities program revenues increased \$1,274,743. Charges for services increased \$495,583. Water (3%), sewer (3%), stormwater (6.74%), and refuse (1.72%) rates were increased in fiscal year 2019. The Stormwater Fund had a \$4,400,028 State of Iowa Flood Mitigation grant (Sales Tax Increment) for the Bee Branch Creek Restoration project. Capital contributions from outside developers was \$1,815,431 for completed subdivisions. Capital contributions received from governmental funds were \$7,130,614 and are shown in the transfers line and are detailed out in Note 5.
- Program expenses of the City's governmental activities decreased approximately 3.1%, or \$2,895,086 from fiscal year 2018 to fiscal year 2019. The decrease was seen in community and economic development, which is due to a decrease in expenditures related to the HUD Resiliency grant and a decrease in loans to developers.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

##### **Government-wide Financial Statements**

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

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



# **CITY OF DUBUQUE, IOWA**

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

### **FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

#### **Fund Financial Statements**

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

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

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

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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The City maintains four 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, community development fund and debt service fund, all of which are considered to be major funds. Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

***Proprietary funds.*** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses 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 three fiduciary funds, an agency fund reporting resources held for the Dubuque Racing Association for improvements at the greyhound racing facility, an agency fund used for reporting resources from Mediacom for purchasing equipment relevant to public, educational, and governmental (PEG) access broadcasting and an agency fund used for reporting resources held for the decommissioning of the prior Flexsteel site.

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

***Required supplementary information.*** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budget and actual results of the City, the City's proportionate share of the net pension liability and related contributions for both of the City's pension plans, and the schedule of changes in total OPEB liability.

***Other information.*** The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and agency funds, are presented immediately following the required supplementary information.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

**CITY OF DUBUQUE'S NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 106,778,226	\$ 98,759,738	\$ 40,258,747	\$ 41,127,304	\$ 147,036,973	\$ 139,887,042
Capital assets	420,219,770	417,486,552	351,502,432	341,272,457	771,722,202	758,759,009
Total assets	<u>526,997,996</u>	<u>516,246,290</u>	<u>391,761,179</u>	<u>382,399,761</u>	<u>918,759,175</u>	<u>898,646,051</u>
Deferred outflows of resources	<u>12,964,250</u>	<u>13,056,573</u>	<u>1,486,850</u>	<u>1,698,734</u>	<u>14,451,100</u>	<u>14,755,307</u>
Long-term liabilities	119,522,431	122,035,984	184,920,514	191,234,961	304,442,945	313,270,945
Other liabilities	15,275,931	13,787,948	12,499,475	10,538,592	27,775,406	24,326,540
Total liabilities	<u>134,798,362</u>	<u>135,823,932</u>	<u>197,419,989</u>	<u>201,773,553</u>	<u>332,218,351</u>	<u>337,597,485</u>
Deferred inflows of resources	<u>28,519,375</u>	<u>29,021,411</u>	<u>517,529</u>	<u>369,011</u>	<u>29,036,904</u>	<u>29,390,422</u>
Net position:						
Net investment in capital assets	385,005,220	379,040,697	179,561,228	168,205,523	564,566,448	547,246,220
Restricted	28,321,603	27,269,997	3,131,716	3,053,616	31,453,319	30,323,613
Unrestricted	(36,682,314)	(41,853,174)	12,617,567	10,696,792	(24,064,747)	(31,156,382)
Total net position	<u>\$ 376,644,509</u>	<u>\$ 364,457,520</u>	<u>\$ 195,310,511</u>	<u>\$ 181,955,931</u>	<u>\$ 571,955,020</u>	<u>\$ 546,413,451</u>

Net position of the governmental activities increased \$12,186,989 over fiscal year 2018 balance of \$364,457,520. Governmental activities had \$2,704,343 of capital assets donated from developers and the federal government and a contribution of land from the component unit Dubuque Metropolitan Area Solid Waste Agency of \$183,393. Overall grant revenues increased by \$4,897,402. This was primarily due to the public works grant for the HUD Resiliency grant.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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Net position for the business-type activities increased \$13,354,580 over fiscal year 2018 of \$181,955,931. Charges for services increased \$495,583. Grants increased \$779,160. The increase in net position is primarily due to transfers of capital assets from governmental funds of \$7,130,614.

A portion of the City's net position \$31,453,319 or 5.5% represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal year 2019, the City has negative total unrestricted net position. The government-wide negative unrestricted results from TIF (governmental activities) debt being used to finance capital assets of the business-type activities, along with \$50,051,502 in pension liability and \$6,121,366 in OPEB Liability.

***Governmental activities.*** Taxes are the largest source of governmental revenues with property taxes of \$37,973,888 in 2019. Other governmental revenues included gaming \$8,730,986, local option sales taxes \$8,940,109, and charges for services \$16,138,161.

Governmental operating expenses during 2019 totaled \$94,000,641. The largest programs were public safety of \$29,637,417, public works of \$24,835,035, community and economic development of \$15,837,039, and culture and recreation of \$12,916,646.

***Business-type activities.*** Operating revenue increased \$495,583. Operating expenses increased from \$31,981,878 in 2018 to \$34,100,914 in 2019. The increase was primarily in supplies and services expenses. Nonoperating expenses consist of interest expense of \$4,791,204. Investment earnings increased from \$268,283 in 2018 to \$798,497 in 2019.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 16,138,161	\$ 17,993,886	\$ 34,258,453	\$ 33,762,870	\$ 50,396,614	\$ 51,756,756
Operating grants and contributions	23,198,271	21,569,356	1,917,366	1,648,403	25,115,637	23,217,759
Capital grants and contributions	11,048,200	7,779,713	6,215,459	5,705,262	17,263,659	13,484,975
General revenues						
Property taxes	37,973,888	39,632,246	-	-	37,973,888	39,632,246
Local option sales tax	8,940,109	8,610,948	-	-	8,940,109	8,610,948
Hotel/motel tax	2,113,273	2,286,469	-	-	2,113,273	2,286,469
Utility franchise fees	5,072,350	4,832,958	-	-	5,072,350	4,832,958
Gaming	8,730,986	8,062,251	-	-	8,730,986	8,062,251
Unrestricted investment earnings	1,858,476	688,769	798,497	268,283	2,656,973	957,052
Gain on sale of capital assets	94,980	309,857	80,479	4,680	175,459	314,537
Total revenues	115,168,694	111,766,453	43,270,254	41,389,498	158,438,948	153,155,951
Expenses:						
Public safety	29,637,417	29,482,962	-	-	29,637,417	29,482,962
Public works	24,835,035	20,393,871	-	-	24,835,035	20,393,871
Health and social services	1,442,658	883,217	-	-	1,442,658	883,217
Culture and recreation	12,916,646	14,323,710	-	-	12,916,646	14,323,710
Community and economic development	15,837,039	21,109,384	-	-	15,837,039	21,109,384
General government	5,944,116	7,573,081	-	-	5,944,116	7,573,081
Interest on long-term debt	3,387,730	3,129,502	-	-	3,387,730	3,129,502
Sewage disposal works	-	-	12,177,352	11,614,347	12,177,352	11,614,347
Water utility	-	-	7,892,423	7,109,421	7,892,423	7,109,421
Stormwater utility	-	-	7,025,525	6,159,039	7,025,525	6,159,039
Parking facilities	-	-	2,850,531	2,866,510	2,850,531	2,866,510
America's River Project	-	-	19,874	10,143	19,874	10,143
Refuse collection	-	-	4,215,881	4,244,551	4,215,881	4,244,551
Transit system	-	-	4,533,060	4,722,979	4,533,060	4,722,979
Salt	-	-	182,092	119,421	182,092	119,421
Total expenses	94,000,641	96,895,727	38,896,738	36,846,411	132,897,379	133,742,138
Increase in net position before	21,168,053	14,870,726	4,373,516	4,543,087	25,541,569	19,413,813
Transfers	(8,981,064)	(5,423,015)	8,981,064	5,423,015	-	-
Increase in net position	12,186,989	9,447,711	13,354,580	9,966,102	25,541,569	19,413,813
Net position, beginning	364,457,520	355,009,809	181,955,931	171,989,829	546,413,451	526,999,638
Net position, ending	\$ 376,644,509	\$ 364,457,520	\$ 195,310,511	\$ 181,955,931	\$ 571,955,020	\$ 546,413,451

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

The City's governmental funds reported a combined fund balance of \$62,912,469 at June 30, 2019. \$5,706,879 is in nonspendable for inventory, receivables, and prepaid items. \$69,412 is nonspendable endowment corpus. \$34,597,019 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 \$3,009,111 for capital improvements. \$1,438,616 is assigned for capital improvements and equipment. This leaves \$18,091,432 for unassigned fund balances in the government funds.

The General Fund's fund balance reserve goal is 20% of revenues. The fund balance of the General Fund increased by \$4,439,155 to \$26,314,568. Gaming revenues increased by \$646,451 or 8.0% in fiscal year 2019. Charges for Services increased \$906,681 coupled with increases in taxes and investment earnings. General Fund expenditures increased from \$57,584,098 in 2018 to \$59,398,698 in 2019. The \$1,814,600 increase was primarily in the public works function \$572,426, but increases were also in the public safety, culture and recreation, and general government functions.

The fund balance of special revenue fund Tax Increment Financing increased by \$49,944 to \$9,161,732. Tax revenues decreased by \$2,293,773 due to three subareas of tax increment financing districts retiring on June 30, 2018, Subarea B of Dubuque Industrial Center West and Subareas A and B of Technology Park. Tax Increment Financing expenditures decreased \$1,526,497.

The fund balance of the special revenue Community Development Fund increased by \$1,408,919 to \$7,262,493. Intergovernmental revenue increased from \$6,376,831 in 2018 to \$11,277,705 in 2019 primarily for HUD Resiliency grant.

The Debt Service Fund paid \$5,509,605 in principal and \$3,032,311 in interest and fiscal charges during fiscal year 2019.

**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, 2019, totaled \$195,310,511 of which the unrestricted is \$12,617,567.

The Sewer Fund had an increase of \$938,006 for total net position of \$29,466,324. Operating expenses increased \$662,267 primarily for repairs and maintenance and supplies and services. The Sewer Fund operating income from operations was \$2,054,077.

The Water Utility had an increase in net position by \$2,336,030 for total net position of \$31,358,499. Water rates were increased 3% in 2019.

The Storm Water Utility had an increase in net position of \$10,365,000. Ending net position is \$70,062,557. Storm Water Utility had capital contributions of \$11,776,579 which consisted of a capital grant \$4,400,028, contribution from developers \$245,937 and contribution of assets from governmental funds \$7,130,614.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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The Parking Facilities had a decrease in net position of \$2,544. Ending net position is \$48,072,205. Operating income increased \$31,374. Parking Facilities had operating income of \$417,717 after depreciation of \$1,193,543 for fiscal year 2019.

Other Enterprise Funds net position decreased by \$281,912 to \$16,350,926. This was primarily due to Transit's decrease of \$431,679 in net position.

**BUDGETARY HIGHLIGHTS**

There were two amendments to the City's 2018-2019 cash basis budget. The first amendment was passed in October 2018 to reflect operating and capital budget carryovers (continuing appropriation authority) from fiscal year 2019 and amended the fiscal year 2019 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in April 2019 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 \$45,644,681. 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 \$76,769,264 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 \$41,830,848 less than the final amended budget; and, cash basis expenditures were \$91,584,914 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.



**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**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, 2019, amounts to \$771,722,202 (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	
	2019	2018	2019	2018	2019	2018
Land	\$ 78,777,620	\$ 78,309,999	\$ 24,805,263	\$ 24,399,223	\$ 103,582,883	\$ 102,709,222
Buildings	141,858,066	141,320,127	159,586,137	158,539,345	301,444,203	299,859,472
Improvements other than buildings	25,455,654	24,045,686	177,818,388	168,060,566	203,274,042	192,106,252
Machinery and equipment	51,673,620	50,688,060	113,861,028	112,329,961	165,534,648	163,018,021
Infrastructure	236,909,112	234,204,768	-	-	236,909,112	234,204,768
Construction in progress	56,019,934	49,954,930	11,853,774	5,819,782	67,873,708	55,774,712
Accumulated depreciation	(170,474,236)	(161,037,018)	(136,422,158)	(127,876,420)	(306,896,394)	(288,913,438)
	<u>\$ 420,219,770</u>	<u>\$ 417,486,552</u>	<u>\$ 351,502,432</u>	<u>\$ 341,272,457</u>	<u>\$ 771,722,202</u>	<u>\$ 758,759,009</u>

Major expenditures during 2018-2019 were for the construction work on the Salt Building, Skate Park development, water main projects, the English Mill pump stations, and Bee Branch storm water projects.

**Long-term debt.** At year end, the City had \$257,596,051 of debt outstanding. During fiscal year 2019, the City issued \$3,100,000 of general obligation bonds to provide for the acquisition and construction of major capital facilities.

Revenue capital loan notes have been issued for the planning and construction of sewer, stormwater, and water capital projects through the State of Iowa State Revolving Loan Funds (SRF). The City issued an additional \$3,436,611 of SRF debt in 2019 including \$5,000 for the Bee Branch stormwater construction project, \$30,940 for green alley projects reducing stormwater run off, \$233,631 for the Catfish Creek stabilization project, \$408,803 for CIWA purchase, \$1,541,796 for Kerper sewer project, \$444,163 for Roosevelt tower, and \$772,278 for upper Bee Branch culverts. The City has pledged income derived from the acquired or constructed assets to pay debt service.

The City continues to operate under the State debt capacity limitations. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Thus the City's debt capacity is \$221,512,756. With \$117,222,925 of debt applicable against the capacity, the City is utilizing 52.92% of this limit. Additional information on the City's long-term debt can be found in Note 7 of this report.

**CITY OF DUBUQUE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**ECONOMIC FACTORS**

The City's unemployment rate as of December, 2019 was 2.9%, up from 2.5% in December, 2018. The national average was 3.5% for December 2019, according to the Bureau of Labor Statistics. State of Iowa was 2.7% as reported in December, 2019.

The assessed valuation of taxable property, net of exemptions, increased by 2.93% to \$2,757,549,000. In fiscal year 2019, the minimum monthly refuse rate increased from \$15.11 to \$15.36, sewer and water rates increased 3%, and the storm water monthly fee increased from \$7.27 to \$7.76 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 Director of Finance and Budget, 50 West 13th Street, Dubuque, Iowa 52001-4864.

**Basic Financial Statements**  
**Fiscal Year Ended June 30, 2019**  
**City of Dubuque, Iowa**

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	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
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and pooled cash investments	\$ 48,452,726	\$ 25,863,488	\$ 74,316,214	\$ 5,951,989	\$ 1,747,043	\$ 69,699
Receivables						
Property tax						
Delinquent	202,491	-	202,491	-	-	-
Succeeding year	25,575,669	-	25,575,669	-	-	-
Accounts and other	2,297,399	3,456,795	5,754,194	443,729	175,195	17,323
Special assessments	799,386	89,402	888,788	-	-	-
Accrued interest	214,153	87,342	301,495	79,937	-	-
Notes	477,844	-	477,844	-	30,232	-
Intergovernmental	7,927,108	2,430,661	10,357,769	30,381	-	-
Inventories	1,185,302	1,047,667	2,232,969	-	133,347	5,636
Prepaid items	601,164	120,622	721,786	8,682	-	-
Total Current Assets	87,733,242	33,095,977	120,829,219	6,514,718	2,085,817	92,658
<b>NONCURRENT ASSETS</b>						
Expendable restricted cash and investments	9,385,756	7,162,770	16,548,526	7,434,961	1,240,078	233,865
Nonexpendable restricted cash and investments	69,412	-	69,412	-	-	-
Notes receivable	9,589,816	-	9,589,816	-	137,030	-
Capital assets						
Land	78,777,621	24,805,263	103,582,884	2,737,804	100,000	-
Buildings	141,858,066	159,586,137	301,444,203	386,779	12,000,000	265,111
Improvements other than buildings	25,455,654	177,818,388	203,274,042	16,901,278	-	27,491
Machinery and equipment	51,673,620	113,861,028	165,534,648	4,112,793	31,735	93,141
Infrastructure	236,909,111	-	236,909,111	-	-	-
Construction in progress	56,019,935	11,853,774	67,873,709	556,340	-	-
Accumulated depreciation	(170,474,237)	(136,422,158)	(306,896,395)	(10,346,650)	(503,300)	(105,318)
Total Noncurrent Assets	439,264,754	358,665,202	797,929,956	21,783,305	13,005,543	514,290
Total Assets	526,997,996	391,761,179	918,759,175	28,298,023	15,091,360	606,948
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferred outflows	12,769,935	1,445,799	14,215,734	135,496	-	-
OPEB related deferred outflows	194,315	41,051	235,366	4,501	-	-
Total Deferred Outflows of Resources	12,964,250	1,486,850	14,451,100	139,997	-	-

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION (continued)**  
**JUNE 30, 2019**

**EXHIBIT 1 (continued)**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries	Dubuque Convention and Visitors Bureau
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 6,994,399	\$ 2,315,297	\$ 9,309,696	\$ 237,773	\$ 124,500	\$ 302,346
Accrued payroll	1,649,241	298,364	1,947,605	29,989	-	68,695
Loans payable	84,977	1,030,988	1,115,965	-	-	7,769
Notes payable	85,174	5,153,368	5,238,542	-	547,300	25,000
General obligation bonds payable	4,968,670	2,946,330	7,915,000	410,000	-	-
Revenue bonds payable	-	330,000	330,000	-	-	-
Tax increment financing bonds payable	550,000	-	550,000	-	-	-
Accrued compensated absences	403,220	54,366	457,586	3,857	-	-
Accrued interest payable	241,975	370,762	612,737	20,888	446,113	-
Intergovernmental payable	2,499	-	2,499	89,684	-	-
Unearned revenue	295,776	-	295,776	-	-	49,531
Total Current Liabilities	15,275,931	12,499,475	27,775,406	792,191	1,117,913	453,341
<b>NONCURRENT LIABILITIES</b>						
Loans payable	3,899,133	2,121,343	6,020,476	-	-	18,149
Notes payable	90,880	106,502,221	106,593,101	-	3,142,084	-
General obligation bonds payable	41,949,158	36,299,675	78,248,833	8,137,529	-	-
Revenue bonds payable	-	32,767,700	32,767,700	-	-	-
Landfill closure and postclosure care	-	-	-	3,547,590	-	-
Tax increment financing bonds payable	18,816,434	-	18,816,434	-	-	-
Accrued compensated absences	5,173,324	650,209	5,823,533	229,449	-	-
Net pension liability	44,539,774	5,511,728	50,051,502	516,544	-	-
Total OPEB liability	5,053,728	1,067,638	6,121,366	117,066	-	-
Total Noncurrent Liabilities	119,522,431	184,920,514	304,442,945	12,548,178	3,142,084	18,149
Total Liabilities	134,798,362	197,419,989	332,218,351	13,340,369	4,259,997	471,490
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related deferred inflows	2,693,749	473,891	3,167,640	44,412	-	-
Succeeding year property tax	25,575,669	-	25,575,669	-	-	-
Deferred amount on refunding	249,957	43,638	293,595	-	-	-
Total deferred inflows of resources	28,519,375	517,529	29,036,904	44,412	-	-
<b>NET POSITION</b>						
Net investment in capital assets	385,005,220	179,561,228	564,566,448	8,282,862	7,939,051	280,425
Restricted for/by:						
Bond ordinance development agreement	2,140,740	3,131,716	5,272,456	-	-	-
Debt service	11,257	-	11,257	-	-	-
Employee benefits	45,577	-	45,577	-	-	-
Community development	8,969,550	-	8,969,550	-	-	-
Iowa Finance Authority Trust	542,224	-	542,224	-	-	-
Capital projects	14,458,202	-	14,458,202	-	-	-
Franchise agreement	630,380	-	630,380	-	-	-
Endowments, expendable	108,242	-	108,242	-	-	-
Endowments, nonexpendable	69,412	-	69,412	-	-	-
Other	1,346,019	-	1,346,019	-	-	-
State statute	-	-	-	162,004	-	-
Landfill closure and post closure care	-	-	-	1,243,320	-	-
Minority interest	-	-	-	1,217,867	-	-
Unrestricted	(36,682,314)	12,617,567	(24,064,747)	4,147,186	2,892,312	(144,967)
Total Net Position	\$ 376,644,509	\$ 195,310,511	\$ 571,955,020	\$ 15,053,239	\$ 10,831,363	\$ 135,458

See notes to financial statements.

**CITY OF DUBUQUE, IOWA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT 2**

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Primary Government			Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries	Dubuque Convention and Visitors Bureau
						Governmental Activities	Business-type Activities	Total			
<b>Primary government</b>											
Governmental Activities:											
Public safety	\$ 29,637,417	\$ 2,535,504	\$ 1,406,325	\$ -	\$ 3,941,829	\$ (25,695,588)	\$ -	\$ (25,695,588)			
Public works	24,835,035	7,327,692	8,694,003	9,379,514	25,401,209	566,174	-	566,174			
Health and social services	1,442,658	361,482	4,730	400	366,612	(1,076,046)	-	(1,076,046)			
Culture and recreation	12,916,646	2,459,644	740,326	467	3,200,437	(9,716,209)	-	(9,716,209)			
Community and economic development	15,837,039	802,994	12,295,841	1,383,101	14,481,936	(1,355,103)	-	(1,355,103)			
General government	5,944,116	2,650,845	57,046	284,718	2,992,609	(2,951,507)	-	(2,951,507)			
Interest on long-term debt	3,387,730	-	-	-	-	(3,387,730)	-	(3,387,730)			
Total governmental activities	94,000,641	16,138,161	23,198,271	11,048,200	50,384,632	(43,616,009)	-	(43,616,009)			
Business-type activities											
Sewage disposal works	12,177,352	12,479,684	-	619,104	13,098,788	-	921,436	921,436			
Water utility	7,892,423	8,959,023	327	950,390	9,909,740	-	2,017,317	2,017,317			
Stormwater utility	7,025,525	4,714,670	37,879	4,645,965	9,398,514	-	2,372,989	2,372,989			
Parking facilities	2,850,531	3,066,118	78,149	-	3,144,267	-	293,736	293,736			
America's River Project	19,874	361	-	-	361	-	(19,513)	(19,513)			
Refuse collection	4,215,881	4,351,428	-	-	4,351,428	-	135,547	135,547			
Transit system	4,533,060	512,385	1,801,011	-	2,313,396	-	(2,219,664)	(2,219,664)			
Salt	182,092	174,784	-	-	174,784	-	(7,308)	(7,308)			
Total business-type activities	38,896,738	34,258,453	1,917,366	6,215,459	42,391,278	-	3,494,540	3,494,540			
Total primary government	\$ 132,897,379	\$ 50,396,614	\$ 25,115,637	\$ 17,263,659	\$ 92,775,910	\$ (43,616,009)	\$ 3,494,540	\$ (40,121,469)			
<b>Component units</b>											
Dubuque Metropolitan Area Solid Waste Agency	\$ 4,670,928	\$ 5,800,636	\$ -	\$ 62,803	\$ 5,863,439				\$ 1,192,511	\$ -	\$ -
Dubuque Initiatives and Subsidiaries	3,370,868	3,406,503	-	-	3,406,503				-	35,635	-
Dubuque Convention and Visitors Bureau	1,349,269	1,297,463	80,250	-	1,377,713				-	-	28,444
Total Component Units	\$ 9,391,065	\$ 10,504,602	\$ 80,250	\$ 62,803	\$ 10,647,655				1,192,511	35,635	28,444
General revenues											
Property taxes						37,973,888	-	37,973,888	-	-	-
Local option sales tax						8,940,109	-	8,940,109	-	-	-
Hotel motel tax						2,113,273	-	2,113,273	-	-	-
Utility franchise fees						5,072,350	-	5,072,350	-	-	-
Gaming						8,730,986	-	8,730,986	-	-	-
Unrestricted investment earnings						1,858,476	798,497	2,656,973	272,564	244,408	365
Gain on disposal of capital assets						94,980	80,479	175,459	378,556	(24,161,156)	-
Transfers						(8,981,064)	8,981,064	-	-	-	-
Total general revenues and transfers						55,802,998	9,860,040	65,663,038	651,120	(23,916,748)	365
Change in Net Position						12,186,989	13,354,580	25,541,569	1,843,631	(23,881,113)	28,809
Net position, beginning of year						364,457,520	181,955,931	546,413,451	13,209,608	34,712,476	106,649
Net position, ending of year						\$ 376,644,509	\$ 195,310,511	\$ 571,955,020	\$ 15,053,239	\$ 10,831,363	\$ 135,458

See notes to financial statements

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**CITY OF DUBUQUE, IOWA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

**EXHIBIT 3**

		Special Revenue	
	General	Tax Increment Financing	Community Development
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 21,180,768	\$ 6,356,579	\$ 765,358
Receivables			
Property tax			
Delinquent	145,303	29,277	-
Succeeding year	21,888,257	-	-
Accounts and other	1,605,042	175,674	-
Special assessments	23,996	-	-
Accrued interest	106,012	50,696	12,568
Notes	4,575,806	289,800	4,260,637
Intergovernmental	1,064,874	-	4,587,500
Inventories	228,414	-	579,319
Prepaid items	565,258	-	15,503
Restricted cash and pooled cash investments	229,995	2,320,109	-
Total Assets	<u>\$ 51,613,725</u>	<u>\$ 9,222,135</u>	<u>\$ 10,220,885</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,506,410	\$ 60,403	\$ 1,427,298
Accrued payroll	1,497,545	-	27,269
Intergovernmental payable	-	-	-
Unearned revenue	295,776	-	-
Total Liabilities	<u>3,299,731</u>	<u>60,403</u>	<u>1,454,567</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable revenues			
Succeeding year property tax	21,888,257	-	-
Special assessments	23,996	-	-
Grants	37,008	-	1,503,825
Other	50,165	-	-
Total Deferred Inflows of Resources	<u>21,999,426</u>	<u>-</u>	<u>1,503,825</u>
<b>FUND BALANCES</b>			
Nonspendable			
Endowment corpus	-	-	-
Inventory	228,414	-	-
Long-term notes receivable	4,575,806	-	-
Prepaid items	565,258	-	15,503
Restricted			
Endowments	-	-	-
Library	-	-	-
Police	-	-	-
Veterans	-	-	-
Debt service	-	-	-
Bond ordinance	-	2,140,740	-
Capital improvements	229,995	7,020,992	-
Franchise agreement	-	-	-
Special assessments	-	-	-
Iowa Finance Authority Trust	-	-	-
Community programs	-	-	8,432,037
Employee benefits	-	-	-
Committed, capital improvements	-	-	-
Assigned			
DRA gaming and distribution	1,438,616	-	-
Unassigned	19,276,479	-	(1,185,047)
Total Fund Balances	<u>26,314,568</u>	<u>9,161,732</u>	<u>7,262,493</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 51,613,725</u>	<u>\$ 9,222,135</u>	<u>\$ 10,220,885</u>

See notes to financial statements.



Debt Service	Other Governmental Funds	Total
\$ 9,974	\$ 12,554,168	\$ 40,866,847
1,678	26,233	202,491
264,712	3,422,700	25,575,669
-	288,794	2,069,510
-	775,390	799,386
27	24,973	194,276
-	941,417	10,067,660
-	2,274,734	7,927,108
-	301,495	1,109,228
-	20,403	601,164
-	6,905,064	9,455,168
<u>\$ 276,391</u>	<u>\$ 27,535,371</u>	<u>\$ 98,868,507</u>
\$ -	\$ 1,915,747	\$ 4,909,858
-	96,504	1,621,318
-	2,499	2,499
-	-	295,776
-	2,014,750	6,829,451
264,712	3,422,700	25,575,669
-	740,272	764,268
-	1,174,266	2,715,099
422	20,964	71,551
<u>265,134</u>	<u>5,358,202</u>	<u>29,126,587</u>
-	69,412	69,412
-	301,495	529,909
-	-	4,575,806
-	20,403	601,164
-	108,242	108,242
-	1,160,414	1,160,414
-	7,045	7,045
-	143,442	143,442
11,257	-	11,257
-	-	2,140,740
-	13,552,043	20,803,030
-	630,380	630,380
-	35,118	35,118
-	542,224	542,224
-	537,513	8,969,550
-	45,577	45,577
-	3,009,111	3,009,111
-	-	1,438,616
-	-	18,091,432
<u>11,257</u>	<u>20,162,419</u>	<u>62,912,469</u>
<u>\$ 276,391</u>	<u>\$ 27,535,371</u>	<u>\$ 98,868,507</u>

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**CITY OF DUBUQUE, IOWA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

**EXHIBIT 3-1**

Total fund balances - governmental funds		\$ 62,912,469	
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	\$ 590,337,417		
Accumulated depreciation	(170,251,971)		
			420,085,446
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds. Those revenues consist of:			
Property tax	43,394		
Special assessments	764,268		
Grants and other	2,743,256		
			3,550,918
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the government funds as follows:			
Deferred inflows or resources	(2,568,267)		
Deferred outflows of resources	12,581,419		
			10,013,152
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.			
			4,729,476
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	(46,917,828)		
Tax increment financing bonds	(19,366,434)		
Notes payable	(176,054)		
Loans payable	(3,984,110)		
Deferred amount on debt refundings	(249,957)		
Accrued interest	(241,975)		
Compensated absences	(5,576,544)		
Net pension liability	(43,080,322)		
Total OPEB liability	(5,053,728)		
			(124,646,952)
Net position of governmental activities		\$ 376,644,509	

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT 4**

		Special Revenue	
	General	Tax Increment Financing	Community Development
<b>REVENUES</b>			
Taxes	\$ 34,820,667	\$ 10,304,175	\$ -
Special assessments	-	-	5,923
Licenses and permits	1,619,892	-	-
Intergovernmental	1,782,975	-	11,277,705
Charges for services	12,216,232	-	5,869
Fines and forfeits	404,400	-	-
Investment earnings	812,591	517,254	114,900
Contributions	803,422	175,674	17,105
Gaming	8,708,702	-	-
Miscellaneous	635,684	16,520	38,176
Total Revenues	61,804,565	11,013,623	11,459,678
<b>EXPENDITURES</b>			
Current			
Public safety	28,801,990	-	-
Public works	6,323,084	-	-
Health and social services	1,036,184	-	10,000
Culture and recreation	12,748,806	-	140,895
Community and economic development	3,979,103	2,662,073	3,374,795
General government	6,010,230	-	1,945
Debt service			
Principal	-	-	-
Interest and fiscal charges	98,198	-	91,255
Capital projects	401,103	-	6,444,902
Total Expenditures	59,398,698	2,662,073	10,063,792
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,405,867	8,351,550	1,395,886
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	-	-
Premium on bonds	-	-	-
Transfers in	4,911,818	617,479	30,000
Transfers out	(2,939,034)	(8,919,085)	(16,967)
Insurance recovery	8,503	-	-
Sale of capital assets	52,001	-	-
Total Other Financing Sources (Uses)	2,033,288	(8,301,606)	13,033
<b>NET CHANGE IN FUND BALANCES</b>	4,439,155	49,944	1,408,919
<b>FUND BALANCES, BEGINNING</b>	21,875,413	9,111,788	5,853,574
<b>FUND BALANCES, ENDING</b>	\$ 26,314,568	\$ 9,161,732	\$ 7,262,493

See notes to financial statements.

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Debt Service	Other Governmental Funds	Total
\$ 295,092	\$ 8,681,967	\$ 54,101,901
-	107,255	113,178
-	-	1,619,892
-	18,299,015	31,359,695
-	253,935	12,476,036
-	-	404,400
763	256,338	1,701,846
-	347,715	1,343,916
-	-	8,708,702
-	836,424	1,526,804
295,855	28,782,649	113,356,370
-	5,930	28,807,920
-	6,528,309	12,851,393
-	-	1,046,184
-	147,347	13,037,048
-	5,714,220	15,730,191
-	558,919	6,571,094
5,509,605	-	5,509,605
3,032,311	99,147	3,320,911
-	13,299,049	20,145,054
8,541,916	26,352,921	107,019,400
(8,246,061)	2,429,728	6,336,970
-	2,883,875	2,883,875
-	81,693	81,693
8,008,195	3,458,460	17,025,952
(11,995)	(6,989,321)	(18,876,402)
-	79,340	87,843
-	44,034	96,035
7,996,200	(441,919)	1,298,996
(249,861)	1,987,809	7,635,966
261,118	18,174,610	55,276,503
\$ 11,257	\$ 20,162,419	\$ 62,912,469

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**CITY OF DUBUQUE, IOWA****RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019****EXHIBIT 4-1**

Net change in fund balances - total governmental funds	\$	7,635,966	
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	\$	17,156,396	
Transfers of capital assets to enterprise funds		(7,130,614)	
Contributions from developers and federal government		2,704,343	
Contribution of land from Dubuque Metropolitan Area Solid Waste Agency		183,393	
Depreciation expense		<u>(10,150,009)</u>	
			2,763,509
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.			
			(6,110)
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		(2,281)	
Special assessments		65,678	
Grants and other		<u>(1,473,263)</u>	
			(1,409,866)
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		(2,965,566)	
Debt repayments		<u>5,509,605</u>	
			2,544,039
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		7,936	
Amortization of bond discount/premium		36,177	
Increase in compensated absences		(70,884)	
Deferred amount on debt refundings		22,608	
Pension adjustment		(720,451)	
OPEB adjustment		<u>(70,631)</u>	
Total additional expenses			(795,245)
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.			
			<u>1,454,696</u>
Change in net position of governmental activities	\$	<u>12,186,989</u>	

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash investments	\$ 5,018,754	\$ 7,271,730	\$ 10,802,141
Receivables			
Accounts	1,464,655	1,030,700	520,820
Accrued interest	48,007	10,379	26,652
Intergovernmental	-	-	1,254,074
Prepaid items	17,097	185	81,814
Inventories	316,038	731,629	-
Total Current Assets	6,864,551	9,044,623	12,685,501
<b>NONCURRENT ASSETS</b>			
Restricted cash and pooled cash investments	359,650	2,028,595	4,289,479
Capital assets			
Land	254,858	209,244	21,393,569
Buildings	72,269,461	11,212,597	-
Improvements to other than buildings	50,281,764	2,007,510	120,240,066
Machinery and equipment	39,590,547	60,734,420	1,132,413
Construction in progress	3,422,663	4,077,146	4,353,965
Accumulated depreciation	(63,412,924)	(28,514,497)	(17,290,328)
Net Capital Assets	102,406,369	49,726,420	129,829,685
Total Noncurrent Assets	102,766,019	51,755,015	134,119,164
Total Assets	109,630,570	60,799,638	146,804,665
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	351,157	315,244	90,911
OPEB related deferred outflows	9,002	10,353	4,141
Total Deferred Outflows of Resources	360,159	325,597	95,052



Business-type Activities-Enterprise Funds				
Parking Facilities	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds	
\$ 1,069,243	\$ 1,701,620	\$ 25,863,488	\$ 7,585,879	
129,673	400,349	3,546,197	227,889	
2,304	-	87,342	19,877	
-	1,176,587	2,430,661	-	
9,357	12,169	120,622	-	
-	-	1,047,667	76,074	
1,210,577	3,290,725	33,095,977	7,909,719	
485,046	-	7,162,770	-	
2,911,592	36,000	24,805,263	-	
62,337,568	13,766,511	159,586,137	-	
3,806,644	1,482,404	177,818,388	-	
2,790,731	9,612,917	113,861,028	356,590	
-	-	11,853,774	-	
(18,480,437)	(8,723,972)	(136,422,158)	(222,266)	
53,366,098	16,173,860	351,502,432	134,324	
53,851,144	16,173,860	358,665,202	134,324	
55,061,721	19,464,585	391,761,179	8,044,043	
93,607	594,880	1,445,799	382,831	
1,936	15,619	41,051	-	
95,543	610,499	1,486,850	382,831	

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 1,157,304	\$ 575,427	\$ 468,219
Accrued payroll	65,367	69,240	18,912
Loans payable - current	-	1,000,000	-
General obligation bonds payable	609,717	697,587	975,221
Revenue bonds payable	-	330,000	-
Capital loan notes payable	2,822,000	728,368	1,603,000
Accrued compensated absences	13,475	27,043	-
Accrued interest payable	137,457	67,776	145,756
Total Current Liabilities	4,805,320	3,495,441	3,211,108
<b>NONCURRENT LIABILITIES</b>			
Loans payable	-	2,000,000	-
General obligation bonds payable	9,853,254	11,626,532	8,692,583
Revenue bonds payable	-	4,180,683	28,587,017
Capital loan notes payable	64,019,796	6,649,556	35,832,869
Accrued compensated absences	146,901	227,569	9,662
Net pension liability	1,338,701	1,201,795	346,570
Total OPEB liability	234,131	269,251	107,700
Total Noncurrent Liabilities	75,592,783	26,155,386	73,576,401
Total Liabilities	80,398,103	29,650,827	76,787,509
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows	115,099	103,328	29,797
Deferred amount on refunding	11,203	12,581	19,854
Total Deferred Inflows of Resources	126,302	115,909	49,651
<b>NET POSITION</b>			
Net investment in capital assets	33,899,824	24,052,026	59,012,862
Restricted by bond ordinance/development agreement	-	566,670	2,080,000
Unrestricted	(4,433,500)	6,739,803	8,969,695
Total Net Position	\$ 29,466,324	\$ 31,358,499	\$ 70,062,557

See notes to financial statements.

Business-type Activities-Enterprise Funds			
Parking Facilities	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 27,731	\$ 86,616	\$ 2,315,297	\$ 2,084,541
19,974	124,871	298,364	27,923
30,988	-	1,030,988	-
649,337	14,468	2,946,330	-
-	-	330,000	-
-	-	5,153,368	-
8,009	5,839	54,366	-
16,922	2,851	370,762	-
<u>752,961</u>	<u>234,645</u>	<u>12,499,475</u>	<u>2,112,464</u>
121,343	-	2,121,343	-
5,760,110	367,196	36,299,675	-
-	-	32,767,700	-
-	-	106,502,221	-
12,780	253,297	650,209	-
356,845	2,267,817	5,511,728	1,459,452
50,338	406,218	1,067,638	-
<u>6,301,416</u>	<u>3,294,528</u>	<u>184,920,514</u>	<u>1,459,452</u>
<u>7,054,377</u>	<u>3,529,173</u>	<u>197,419,989</u>	<u>3,571,916</u>
30,682	194,985	473,891	125,482
-	-	43,638	-
<u>30,682</u>	<u>194,985</u>	<u>517,529</u>	<u>125,482</u>
46,804,320	15,792,196	179,561,228	134,324
485,046	-	3,131,716	-
782,839	558,730	12,617,567	4,595,152
<u>\$ 48,072,205</u>	<u>\$ 16,350,926</u>	<u>\$ 195,310,511</u>	<u>\$ 4,729,476</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Business-type Activities-Enterprise Funds		
	Sewage Disposal Works	Water Utility	Stormwater Utility
OPERATING REVENUES			
Charges for sales and services	\$ 12,316,439	\$ 8,894,841	\$ 4,663,762
Other	163,245	64,182	50,908
Total Operating Revenues	12,479,684	8,959,023	4,714,670
OPERATING EXPENSES			
Employee expense	3,849,978	2,614,288	1,232,784
Utilities	719,616	728,946	42,185
Repairs and maintenance	713,107	226,070	59,745
Supplies and services	1,637,395	2,080,976	1,858,268
Insurance	93,142	76,090	35,640
Depreciation	3,412,369	1,313,288	1,812,775
Total Operating Expenses	10,425,607	7,039,658	5,041,397
OPERATING INCOME (LOSS)	2,054,077	1,919,365	(326,727)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	327	8,193
Investment earnings	187,533	201,464	347,136
Contributions	-	-	29,686
Interest expense	(1,751,745)	(852,765)	(1,984,128)
Gain (loss) on disposal of assets	8,872	1,607	-
Net Nonoperating Revenues (Expenses)	(1,555,340)	(649,367)	(1,599,113)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	498,737	1,269,998	(1,925,840)
CAPITAL CONTRIBUTIONS	619,104	950,390	11,776,579
TRANSFERS IN	-	258,526	514,261
TRANSFERS OUT	(179,835)	(142,884)	-
CHANGE IN NET POSITION	938,006	2,336,030	10,365,000
NET POSITION, BEGINNING	28,528,318	29,022,469	59,697,557
NET POSITION, ENDING	\$ 29,466,324	\$ 31,358,499	\$ 70,062,557

See notes to financial statements.

Business-type Activities-Enterprise Funds			
Parking Facilities	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 2,888,869	\$ 4,974,928	\$ 33,738,839	\$ 15,747,917
177,249	64,030	519,614	68,524
3,066,118	5,038,958	34,258,453	15,816,441
779,678	5,011,451	13,488,179	2,302,140
298,736	93,143	1,882,626	33,280
217,589	964,884	2,181,395	96,731
66,810	1,626,250	7,269,699	11,975,253
92,045	67,074	363,991	75,418
1,193,543	1,183,049	8,915,024	40,781
2,648,401	8,945,851	34,100,914	14,523,603
417,717	(3,906,893)	157,539	1,292,838
-	1,716,731	1,725,251	173
41,197	21,167	798,497	156,630
78,149	84,280	192,115	-
(197,510)	(5,056)	(4,791,204)	-
(4,620)	70,000	75,859	5,055
(82,784)	1,887,122	(1,999,482)	161,858
334,933	(2,019,771)	(1,841,943)	1,454,696
-	-	13,346,073	-
280,000	1,737,880	2,790,667	-
(617,477)	(21)	(940,217)	-
(2,544)	(281,912)	13,354,580	1,454,696
48,074,749	16,632,838	181,955,931	3,274,780
\$ 48,072,205	\$ 16,350,926	\$ 195,310,511	\$ 4,729,476

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	Business-type Activities-Enterprise Funds			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 12,343,792	\$ 8,907,490	\$ 4,647,375	\$ 2,861,056
Cash payments to suppliers for goods and services	(2,215,306)	(3,079,776)	(1,794,564)	(651,965)
Cash payments to employees for services	(3,778,571)	(2,679,374)	(1,189,837)	(785,320)
Other operating receipts	163,245	64,182	50,908	177,249
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	6,513,160	3,212,522	1,713,882	1,601,020
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	258,526	514,261	280,000
Transfers to other funds	(179,835)	(142,884)	-	(617,477)
Payment of interfund balances	-	-	-	-
Contributions	-	-	29,686	78,149
Intergovernmental grant proceeds	-	-	-	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(179,835)	115,642	543,947	(259,328)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	45,823	1,607	-	230
Acquisition and construction of capital assets	(3,537,606)	(1,737,955)	(4,022,064)	(449,067)
Proceeds from issuance of debt	1,572,736	852,966	1,010,910	-
Premium on debt issuance	-	-	-	-
Payment of debt	(3,473,317)	(2,192,687)	(2,426,254)	(686,949)
Interest paid	(1,763,432)	(870,936)	(2,083,292)	(214,122)
Intergovernmental grant proceeds	-	327	4,162,281	-
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(7,155,796)	(3,946,678)	(3,358,419)	(1,349,908)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	153,012	219,124	358,057	42,283
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(669,459)	(399,390)	(742,533)	34,067
CASH AND CASH EQUIVALENTS, BEGINNING	6,047,863	9,699,715	15,834,153	1,520,222
CASH AND CASH EQUIVALENTS, ENDING	\$ 5,378,404	\$ 9,300,325	\$ 15,091,620	\$ 1,554,289

## EXHIBIT 7

Business-type Activities-Enterprise Funds		
Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
\$ 4,981,978	\$ 33,741,691	\$ 15,682,764
(2,759,855)	(10,501,466)	(11,650,145)
(5,079,800)	(13,512,902)	(2,403,186)
64,030	519,614	68,524
(2,793,647)	10,246,937	1,697,957
1,737,880	2,790,667	-
(21)	(940,217)	-
-	-	(27,798)
84,280	192,115	-
1,645,638	1,645,638	-
3,467,777	3,688,203	(27,798)
70,000	117,660	5,055
(494,063)	(10,240,755)	(16,600)
216,125	3,652,737	-
6,112	6,112	-
(14,426)	(8,793,633)	-
(4,850)	(4,936,632)	-
-	4,162,608	173
(221,102)	(16,031,903)	(11,372)
23,216	795,692	148,888
476,244	(1,301,071)	1,807,675
1,225,376	34,327,329	5,778,204
<u>\$ 1,701,620</u>	<u>\$ 33,026,258</u>	<u>\$ 7,585,879</u>

(Continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	Business-type Activities-Enterprise Funds			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,054,077	\$ 1,919,365	\$ (326,727)	\$ 417,717
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	3,412,369	1,313,288	1,812,775	1,193,543
Change in assets and liabilities				
(Increase) decrease in receivables	27,353	12,649	(16,387)	(27,813)
(Increase) decrease in inventories and prepaid items	(109,728)	1,601	(23,706)	17,096
Increase (decrease) in accounts payable	1,057,682	30,705	224,980	6,119
Increase (decrease) in accrued liabilities	(5,006)	3,406	(2,793)	(1,414)
Increase (decrease) net pension liability	57,846	(126,489)	(17,087)	32,499
(Increase) decrease in deferred outflows	10,440	59,152	11,188	(1,974)
Increase in deferred inflows	44,873	30,502	9,859	12,897
Increase (decrease) in net OPEB liability	(36,746)	(31,657)	41,780	(47,650)
Total Adjustments	4,459,083	1,293,157	2,040,609	1,183,303
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 6,513,160</u>	<u>\$ 3,212,522</u>	<u>\$ 1,713,882</u>	<u>\$ 1,601,020</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contribution of capital assets from outside sources	<u>\$ 619,104</u>	<u>\$ 950,390</u>	<u>\$ 245,937</u>	<u>\$ -</u>
Contributions of capital assets from Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,130,614</u>	<u>\$ -</u>
See notes to financial statements.				



**EXHIBIT 7**  
**(continued)**

Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
Other Enterprise Funds	Total		
\$ (3,906,893)	\$ 157,539	\$	1,292,838
1,183,049	8,915,024		40,781
7,050	2,852		(65,153)
(791)	(115,528)		6,522
(7,713)	1,311,773		524,015
(9,176)	(14,983)		(911)
(308,281)	(361,512)		(230,496)
133,078	211,884		97,535
53,743	151,874		32,826
62,287	(11,986)		-
<u>1,113,246</u>	<u>10,089,398</u>		<u>405,119</u>
<u>\$ (2,793,647)</u>	<u>\$ 10,246,939</u>	<u>\$</u>	<u>1,697,957</u>
<u>\$ -</u>	<u>\$ 1,815,431</u>	<u>\$</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 7,130,614</u>	<u>\$</u>	<u>-</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2019**

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**EXHIBIT 8**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and pooled cash investments	\$ 2,725,992
Accounts receivable	50,729
Prepays	12,054
Accrued interest	2,820
Notes receivable	<u>1,700,000</u>
Total Assets	<u>\$ 4,491,595</u>
<b>LIABILITIES</b>	
Due to other agency	<u>\$ 4,491,595</u>
Total Liabilities	<u>\$ 4,491,595</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Reporting Entity**

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

**Discretely Presented Component Units**

The Dubuque Metropolitan Area Solid Waste Agency was created under the provisions of Chapter 28E of the Code of Iowa by the City of Dubuque and Dubuque County. The purpose of the Agency is to provide solid waste management for the Dubuque metropolitan area. The City appoints a voting majority of the Agency's governing board and has authority over those persons responsible for the day-to-day operations of the Agency. The Agency is presented as a proprietary fund type and has a June 30 year end. During the year ended June 30, 2019, \$553,509 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 2008, 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 13<sup>th</sup> Street, Dubuque, Iowa 52001.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Jointly Governed Organizations**

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

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

**Government-wide and Fund Financial Statements**

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

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

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

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

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

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the internal service fund type. *Internal service funds* are used to account for general, garage, stores/printing, health insurance, and worker's compensation insurance services provided by one department to other departments of the City on a cost-reimbursement basis. These funds cannot be used to support City activities.

Fiduciary funds, other than agency funds, use the *economic resources measurement focus* and the *full accrual basis of accounting*. Agency funds use the *full accrual basis of accounting* but do not have a measurement focus and therefore report only assets and liabilities. The City reports Agency Funds to account for assets held by the City as an agent under the cable franchise agreement, for the Dubuque Racing Association, and for the decommissioning of the prior Flexsteel site.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

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

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

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

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

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance**

*Deposits and Investments*

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

The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit which are valued at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

*Receivables and Payables*

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

Property tax receivable is recognized in the funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors.

Current year delinquent property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2019, and 2019 unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year.

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

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

Special assessment receivable represents the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as the other tax.

*Inventories and Prepaid Items*

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

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

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

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



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

*Restricted Assets*

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

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

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

*Capital Assets*

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position and in the proprietary funds statement of net position. Capital assets are defined by the government as assets with an initial, individual cost of more than \$100,000 for infrastructure and intangible assets, \$20,000 for building assets, and \$10,000 for the remaining assets, and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. All of the City's infrastructure has been recorded, including infrastructure acquired prior to June 30, 1980.

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

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

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

*Deferred Outflows of Resources*

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

*Compensated Absences*

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

*Long-Term Obligations*

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

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

*Pensions*

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

*Total OPEB Liability*

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. For the governmental activities, the total OPEB liability is generally liquidated by the General Fund, Community Development Fund, and Section VIII Housing Fund.

*Deferred Inflows of Resources*

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

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

*Net Position/Fund Balance*

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

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

- Net investment in capital assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds were \$5,878,778 for the governmental activities and \$6,111,055 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, 2019 consists of \$11,257 for debt service and \$45,577 for employee benefits. All other restrictions are by outside parties through grants, debt agreements or donors.
- Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

- **Nonspendable:** Nonspendable fund balances cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.
- **Restricted:** Restricted fund balances are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantor or state or federal laws or imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Committed fund balances can be used only for specific purposes determined pursuant to constraints formally imposed by the City Council through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by resolution.
- **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, and Director of Finance and Budget.
- **Unassigned:** Unassigned fund balances are amounts not included in the other spendable classifications. Positive unassigned fund balance amount is only appropriate in the general fund. However in governmental funds, other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The budget guideline of the City of Dubuque maintains a General Fund working balance or operating reserve of 20% of the total General Fund operating revenue requirements. An operating reserve or working balance must be carried into a fiscal year to pay operating costs until tax money, or other anticipated revenue is received.

The State of Iowa recommends a reasonable amount for a working balance as (a) anticipated revenues for the first three months of the fiscal year, less anticipated expenditures or (b) 5% of the total General Fund operating budget, excluding fringes and tort liability expenses.

The City's rating agency, Moody's Investor Service, recommends a reserve balance of at least 10% for "A" rated cities. This is based on the fact that a large portion of the revenue sources are beyond the City's control and therefore uncertain.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

*Budgets and Budgetary Accounting*

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

*Other Significant Accounting Policies*

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 2 – DEFICIT FUND EQUITY**

The following funds have deficit net position amounts as of June 30, 2019:

Internal Service Funds:		
General Service	\$	757,419

The General Service deficit will be addressed during next fiscal year's reallocation of expenses.

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

**Cash on Hand.** Cash on hand represents authorized change funds and petty cash funds used for current operating purposes. The carrying amount at year-end was \$15,581 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 \$63,317,613, and the bank balance was \$63,989,227. The City's deposits in banks at June 30, 2019, 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 \$13,385,750, and the bank balance was \$13,466,750. The Agency's deposits in banks at June 30, 2019, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Investments.** As of June 30, 2019, the City had the following investments and maturities. (The City assumes callable bonds will not be called):

Investment Type	Investment Maturities (In Years)				Total
	Less Than 1	1 to 5	6 to 10	More than 10	
Money Market Funds-					
U.S. Treasury	\$ 1,654,590	\$ -	\$ -	\$ -	\$ 1,654,590
U.S. Treasury Securities	497,970	1,792,373	-	2,777,261	5,067,604
Federal Agency Obligations	7,094,931	12,163,818	40,875	3,965,025	23,264,649
Managed Accounts L/T CD	242,070	-	-	-	242,070
Corporate Stock	98,037	-	-	-	98,037
	<u>\$ 9,587,598</u>	<u>\$ 13,956,191</u>	<u>\$ 40,875</u>	<u>\$ 6,742,286</u>	<u>\$ 30,326,950</u>

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

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

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

All the of the City's investments, except for U.S. Treasury Securities, Federal Agency Obligations, and Managed Accounts L/T CD which were valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions (Level 2 inputs), were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

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

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

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

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

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

The Dubuque Metropolitan Area Solid Waste Agency had a money market account valued at \$1,477,100 as of June 30, 2019.

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	\$ 15,581
Carrying amount of deposits	63,317,613
Carrying amount of investments	30,326,950
Total	<u>\$ 93,660,144</u>
Government-wide	
Cash and pooled cash investments	\$ 74,316,214
Cash and pooled cash investments - temporarily restricted	16,548,526
Cash and pooled cash investments - permanently restricted	69,412
Fiduciary	
Cash and pooled cash investments	2,725,992
Total	<u>\$ 93,660,144</u>

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

Cash on hand	\$ 1,200
Carrying amount of deposits	13,385,750
Total	<u>\$ 13,386,950</u>
Cash and pooled cash investments	\$ 5,951,989
Cash and pooled cash investments - temporarily restricted	7,434,961
Total	<u>\$ 13,386,950</u>



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

A reconciliation of cash and investments as shown on the government-wide statement of net position for the Dubuque Initiatives and Subsidiaries (December 31, 2018) follows:

Deposits	\$ 1,747,043
Beneficial interest in assets held by others	1,240,078
Total	<u>\$ 2,987,121</u>
Cash and pooled cash investments	\$ 1,747,043
Cash and pooled cash investments-temporarily restricted	1,240,078
Total	<u>\$ 2,987,121</u>

A reconciliation of cash and investments as shown on the government-wide statement of net position for the Dubuque Convention and Visitors Bureau (June 30, 2019) follows:

Deposits	\$ 303,564
Total	<u>\$ 303,564</u>
Cash and pooled cash investments	\$ 69,699
Cash and pooled cash investments-temporarily restricted	233,865
Total	<u>\$ 303,564</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 4 – NOTES RECEIVABLE**

The City provides low interest and no interest loans to promote economic and community development, provide opportunities for home ownership to low and moderate income citizens and improve rental properties for low income citizens. Loans may contain a forgivable portion if recipient meets specific conditions such as job creation for economic development or residency requirements community development. Loans are secured by mortgage liens against the property.

At June 30, 2019 the City had the following notes receivable.

	Original Balance	Interest Rate	Issued	Maturity	Balance	Current Portion
<b>Downtown Rehabilitation Loan Program</b>						
Harry & Rosey's	\$ 300,000	3 %	2011	7/1/2031	\$ 245,270	\$ 17,241
Clark Wolff	150,000	3	2001	5/1/2022	27,845	9,274
Dubuque Museum of Art	300,000	3	1999	7/1/2021	84,937	44,578
Gronen Adaptive	300,000	2	2006	5/1/2036	157,272	8,043
HJD Landlord LLC	466,000	3	2016	4/1/2036	466,000	-
Interstate Building LLP	300,000	3	2010	9/22/2015	237,130	17,993
Lower Main Development, LLC	300,000	3	2006	3/1/2026	108,980	13,489
<b>Urban Development Action Grant</b>						
40 Main, LLC - Note A	300,000	-	2009	6/30/2036	255,000	15,000
<b>Downtown Housing Incentive Loan</b>						
Caradco Landlord, LLC	4,500,000	3	2012	6/1/2030	3,334,111	35,239
40 Main Real Estate Loan	156,583	-	2009	8/1/2022	156,583	-
<b>Sales Tax Construction DB&amp;T Community Development Corporation</b>						
	1,700,000	-	2012	2/1/2032	1,700,000	-
					<u>\$ 6,773,128</u>	<u>\$ 160,857</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 4 – NOTES RECEIVABLE (continued)**

	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
Community Development Installment Loans Receivables			
Residential Rehabilitation Installment Loan Programs			
First Time Home Buyers	6 % \$	273,428	\$ 49,000
Local Housing Assistance Program (LHAP)	6	30,814	12,000
Homebuyers Assistance Program	6	1,389,469	114,000
Infill	6	224,079	4,000
RRP Reserve	-	195,342	28,000
Washington Neighborhood Revitalize	-	42,630	13,000
The Accessibility Rehabilitation Program (for rentals)	6	271,748	15,000
Iowa Finance Authority	-	283,898	16,987
HOME Program (1)	-	157,021	51,000
Historic Preservation Revolving Loan Fund/Historic Preservation Housing Forgivable Loan Program			
	6	39,813	7,000
MicroLending	-	96,490	7,000
TIF Receivables			
Roasting Solutions	-	289,800	-
		<u>\$ 3,294,532</u>	<u>\$ 316,987</u>

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

At December 31, 2018, Dubuque Initiatives and Subsidiaries had the following notes receivable:

City of Dubuque, 5.00%, unsecured, matures July 2023	\$ 167,262
Less: current maturities	<u>(30,232)</u>
Noncurrent portion	<u>\$ 137,030</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 – INTERFUND BALANCES AND TRANSFERS**

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfer to	Transfers From									Total
	General	Tax Increment Financing	Community Development	Debt Services	Nonmajor Governmental	Sewer Disposal Works	Water Utility	Parking Facilities	Non Major Enterprise	
General	\$ -	\$ 430,641	\$ -	\$ -	\$ 4,195,409	\$ 142,884	\$ 142,884	\$ -	\$ -	\$ 4,911,818
Tax increment financing	-	2	-	-	-	-	-	617,477	-	617,479
Community development	-	30,000	-	-	-	-	-	-	-	30,000
Debt service	608,734	6,347,085	-	-	1,052,376	-	-	-	-	8,008,195
Nonmajor Governmental	345,425	1,580,288	-	-	1,532,726	-	-	-	21	3,458,460
Water utility	-	251,069	-	-	7,457	-	-	-	-	258,526
Stormwater utility	258,990	-	16,967	-	201,353	36,951	-	-	-	514,261
Parking facilities	-	280,000	-	-	-	-	-	-	-	280,000
Nonmajor enterprise	1,725,885	-	-	11,995	-	-	-	-	-	1,737,880
	<u>\$ 2,939,034</u>	<u>\$ 8,919,085</u>	<u>\$ 16,967</u>	<u>\$ 11,995</u>	<u>\$ 6,989,321</u>	<u>\$ 179,835</u>	<u>\$ 142,884</u>	<u>\$ 617,477</u>	<u>\$ 21</u>	<u>\$ 19,816,619</u>

Net capital assets of \$7,130,614 were transferred from governmental capital assets to Storm Water Utility. The transfer was reported as a capital contribution in the Storm Water Utility Fund. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources.

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

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019, was as follows:

**Primary Government:**

Governmental activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 78,309,999	\$ -	\$ -	\$ 467,622	\$ -	\$ 78,777,621
Construction in Progress	49,954,930	-	-	8,478,171	(2,413,166)	56,019,935
Total Capital assets, not being depreciated	<u>128,264,929</u>	<u>-</u>	<u>-</u>	<u>8,945,793</u>	<u>(2,413,166)</u>	<u>134,797,556</u>
Capital assets, being depreciated:						
Buildings	141,320,127	-	-	537,939	-	141,858,066
Improvements other than buildings	24,045,686	-	-	1,409,968	-	25,455,654
Machinery and equipment	50,688,060	-	-	1,745,241	(759,681)	51,673,620
Infrastructure	234,204,768	-	-	2,704,343	-	236,909,111
Total capital assets, being depreciated	<u>450,258,641</u>	<u>-</u>	<u>-</u>	<u>6,397,491</u>	<u>(759,681)</u>	<u>455,896,451</u>
Less accumulated depreciation for:						
Buildings	(43,428,233)	-	-	(2,435,652)	-	(45,863,885)
Improvements other than buildings	(11,650,829)	-	-	(823,388)	-	(12,474,217)
Machinery and Equipment	(27,347,712)	-	-	(3,264,813)	753,571	(29,858,954)
Infrastructure	(78,610,244)	-	-	(3,666,937)	-	(82,277,181)
Total accumulated depreciation	<u>(161,037,018)</u>	<u>-</u>	<u>-</u>	<u>(10,190,790)</u>	<u>753,571</u>	<u>(170,474,237)</u>
Total capital assets, being depreciated, net	<u>289,221,623</u>	<u>-</u>	<u>-</u>	<u>(3,793,299)</u>	<u>(6,110)</u>	<u>285,422,214</u>
Governmental activities capital assets, net	<u>\$ 417,486,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,152,494</u>	<u>\$ (2,419,276)</u>	<u>\$ 420,219,770</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

Business-type activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 24,399,223	\$ -	\$ -	\$ 406,040	\$ -	\$ 24,805,263
Construction in progress	5,819,782	-	-	16,283,821	(10,249,829)	11,853,774
Total Capital assets, not being depreciated	30,219,005	-	-	16,689,861	(10,249,829)	36,659,037
Capital assets, being depreciated:						
Buildings	158,539,345	-	-	1,046,792	-	159,586,137
Improvements other than buildings	168,060,566	-	-	9,757,822	-	177,818,388
Machinery and equipment	112,329,961	-	-	1,905,204	(374,137)	113,861,028
Total capital assets, being depreciated	438,929,872	-	-	12,709,818	(374,137)	451,265,553
Less accumulated depreciation for:						
Buildings	(53,250,239)	-	-	(2,116,386)	-	(55,366,625)
Improvements other than buildings	(33,599,020)	-	-	(2,976,189)	-	(36,575,209)
Machinery and equipment	(41,027,161)	-	-	(3,822,449)	369,286	(44,480,324)
Total accumulated depreciation	(127,876,420)	-	-	(8,915,024)	369,286	(136,422,158)
Total capital assets, being depreciated, net	311,053,452	-	-	3,794,794	(4,851)	314,843,395
Business-type activities capital assets, net	<u>\$ 341,272,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,484,655</u>	<u>\$ (10,254,680)</u>	<u>\$ 351,502,432</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

Governmental activities:	
Public safety	\$ 958,946
Public works	6,053,671
Health and social services	5,496
Culture and recreation	2,220,911
Community and economic development	68,878
General government	842,107
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	40,781
Total depreciation expense - governmental activities	<u>\$ 10,190,790</u>
Business-type activities:	
Sewage disposal works	\$ 3,412,369
Water utility	1,313,288
Stormwater utility	1,812,775
Parking facilities	1,193,543
Refuse collection	273,008
Salt	27,639
Transit system	882,402
Total depreciation expense - business-type activities	<u>\$ 8,915,024</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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	\$ -	\$ -	\$ -	\$ (214,862)	\$ 2,737,804
Construction in progress	3,629,793	-	-	338,235	(3,411,688)	556,340
Total Capital assets, not being depreciated	6,582,459	-	-	338,235	(3,626,550)	3,294,144
Capital assets, being depreciated:						
Buildings	207,715	-	-	179,064	-	386,779
Improvements other than buildings	13,668,654	-	-	3,232,624	-	16,901,278
Machinery and equipment	4,048,113	-	-	64,680	-	4,112,793
Total capital assets, being depreciated	17,924,482	-	-	3,476,368	-	21,400,850
Less accumulated depreciation for:						
Buildings	(61,379)	-	-	(12,745)	-	(74,124)
Improvements other than buildings	(7,134,672)	-	-	(333,088)	-	(7,467,760)
Machinery and equipment	(2,560,108)	-	-	(244,658)	-	(2,804,766)
Total accumulated depreciation	(9,756,159)	-	-	(590,491)	-	(10,346,650)
Total capital assets, being depreciated, net	8,168,323	-	-	2,885,877	-	11,054,200
Dubuque Metropolitan Area Solid Waste, capital assets	<u>\$ 14,750,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,224,112</u>	<u>\$ (3,626,550)</u>	<u>\$ 14,348,344</u>

Depreciation expense of \$590,491 was charged to the Dubuque Metropolitan Area Solid Waste Agency.



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Dubuque Initiatives (Component Unit):**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 117,723	\$ -	\$ (17,723)	\$ 100,000
Construction in Progress	121,193	-	(121,193)	-
Total Capital assets, not being depreciated	238,916	-	(138,916)	100,000
Capital assets, being depreciated:				
Buildings & Land Improvements	45,676,454	335,546	(34,012,000)	12,000,000
Other Property	31,735	-	-	31,735
Total capital assets, being depreciated	45,708,189	335,546	(34,012,000)	12,031,735
Less accumulated depreciation for:				
Buildings	(9,131,349)	(1,311,171)	9,969,849	(472,671)
Improvements other than buildings	(30,556)	(73)	-	(30,629)
Total accumulated depreciation	(9,161,905)	(1,311,244)	9,969,849	(503,300)
Total capital assets, being depreciated, net	36,546,284	(975,698)	(24,042,151)	11,528,435
Dubuque Initiatives, capital assets	<u>\$ 36,785,200</u>	<u>\$ (975,698)</u>	<u>\$ (24,181,067)</u>	<u>\$ 11,628,435</u>

The Dubuque Initiatives component unit has recognized a loss on impairment of \$24,161,156 as of December 31, 2018 due the Organization including all operations of the Roshek Building of which Dubuque Initiatives is the managing and sole member. Fair value of assets measured on a nonrecurring basis at December 31, 2018 include the Organization's building and improvements. During the year ended December 31, 2018, the Roshek Building, with a carrying amount of \$36,161,156 was written down to its fair value of \$12,000,000 resulting in an impairment loss off \$24,161,156. The fair value was based on information derived from third-party appraisers and real estate market participants and is considered a Level 2 fair value measurement. During December 2019, the Organization sold the Roshek Building for approximately \$12,000,000.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 7 – LONG-TERM DEBT**

**General Obligation Bonds.** The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$111,020,000. During fiscal year 2019, the City issued \$3,100,000 of general obligation bonds.

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, 2019, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate Purpose Series 2012A	03/15/2012	06/01/14-06/01/31	2.00-3.00	\$ 4,380,000	\$ 3,115,000
Corporate Purpose and Refund Series 2012B	03/15/2012	06/01/13-06/01/31	2.00-3.13	7,495,000	5,275,000
Corporate Purpose (taxable) Series 2012C	06/28/2012	06/01/14-06/01/32	2.00-3.90	6,965,000	5,140,000
Corporate Purpose Series 2012D	06/28/2012	06/01/14-06/01/32	2.00-3.46	7,175,000	4,370,000
Corporate Purpose Series 2012E	12/12/2012	06/01/14-06/01/32	2.00-3.00	3,640,000	2,410,000
Corporate Purpose (taxable) Series 2012F	12/10/2012	06/01/14-06/01/22	1.00-2.20	1,035,000	410,000
Corporate Purpose Series 2012H	12/10/2012	06/01/15-06/01/32	2.00-3.00	2,385,000	1,630,000
Corporate Purpose (taxable) and Refund Series 2012I	12/04/2013	06/01/13-06/01/21	0.30-2.20	7,285,000	700,000
Corporate Purpose Series 2014B	12/08/2014	06/01/16-06/01/34	3.00-3.65	18,835,000	16,855,000
Corporate Purpose (taxable) Series 2014C	12/08/2014	06/01/16-06/01/34	3.00-4.16	7,615,000	7,180,000
Corporate Purpose Series 2016A	04/04/2016	06/01/17-06/01/35	2.00-3.75	2,830,000	2,445,000
Corporate Purpose Refunding Series 2016B	04/04/2016	06/01/16-06/01/28	2.00-3.00	10,920,000	6,440,000
Corporate Purpose Series 2016C	04/04/2016	06/01/17-06/01/35	2.00-3.13	4,145,000	3,610,000
Corporate Purpose Series 2017A	04/17/2017	06/01/18-06/01/30	3.00	8,495,000	6,165,000
Corporate Purpose Refunding Series 2017B	04/17/2017	06/01/18-06/01/30	3.00	9,745,500	8,440,000
Corporate Purpose Refunding Series 2017C	04/17/2017	06/01/18-06/01/30	3.00-3.45	2,120,000	1,880,000
Corporate Purpose Series 2018A	03/19/2018	06/01/18-06/01/31	3.00-4.00	4,950,000	4,635,000
Corporate Purpose Refunding Series 2018B	03/19/2018	06/01/18-06/01/26	3.00-3.15	1,005,000	900,000
Corporate Purpose Series 2019A	06/20/2019	06/01/22-06/01/39	3.00	2,240,000	2,240,000
Corporate Purpose Series 2019B	06/20/2019	06/20/20-06/01/27	3.00	860,000	860,000
				<u>\$ 114,120,500</u>	<u>\$ 84,700,000</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

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

Fiscal Year June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 4,968,670	\$ 1,347,330	\$ 2,946,330	\$ 1,186,021
2021	4,626,539	1,232,653	2,878,462	1,103,647
2022	3,500,837	1,116,908	2,969,163	1,021,393
2023	3,372,337	1,033,913	3,037,663	936,020
2024	3,121,001	951,424	2,988,999	845,547
2025-2029	15,818,038	3,528,668	14,686,643	2,893,063
2030-2034	9,756,960	1,228,984	8,743,359	860,225
2035-2039	984,753	30,345	300,246	9,224
Total	<u>\$ 46,149,135</u>	<u>\$ 10,470,225</u>	<u>\$ 38,550,865</u>	<u>\$ 8,855,140</u>

**Tax Increment Financing Bonds.** The City issues tax increment financing bonds to provide funds for urban renewal projects. The City pledges property tax revenues from the tax increment financing districts to pay debt service. These bonds are generally issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Tax increment financing bonds outstanding at June 30, 2019, 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%	<u>\$ 23,025,000</u>	<u>\$ 19,535,000</u>	<u>\$ 550,000</u>

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
2020	\$ 550,000	\$ 1,465,125
2021	590,000	1,423,875
2022	635,000	1,379,625
2023	680,000	1,332,000
2024	730,000	1,281,000
2025-2029	4,565,000	5,516,000
2030-2034	6,555,000	3,506,250
2035-2037	5,230,000	803,250
Total	<u>\$ 19,535,000</u>	<u>\$ 16,707,125</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Revenue Bonds.** The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds are generally issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Revenue bonds outstanding at June 30, 2019, 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	\$ 410,000
Water Utility Series 2010D	09/21/2010	06/01/12-06/01/30	2.00-4.00	5,700,000	4,085,000
Sales Tax Incremental 2014	06/14/2014	06/01/23-06/01/29	4.00-5.00	7,190,000	7,190,000
Sales Tax Incremental 2015A	06/15/2015	06/01/23-06/01/31	3.25-4.00	20,800,000	20,800,000
				<u>\$ 34,885,000</u>	<u>\$ 32,485,000</u>

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$1,195,000 of water revenue bonds, issued in November 2008, to provide financing for water main replacements and repairs, construction of water main extensions, and the acquisition and installation of a pump station radio communication equipment and facilities. The bonds are payable solely from water customer net operating revenues and are payable through 2023. The City has pledged future water customer revenues, net of specified operating expenses, to repay \$5,700,000 of water revenue bonds, issued in November 2010, to provide funds to pay costs of constructing and equipping improvements, and extensions to the municipal water system. The bonds are payable solely from water customer net operating revenues and are payable through 2030. Net operating income is expected to equal or exceed 1.25% of the annual principal and interest payments on both bonds.

The City shall at all times prescribe, fix, and maintain and collect rates, fees and other charges for their services and facilities furnished by the system that are fully sufficient at all times which will (a) equal at least 125% of the debt service requirement of all bonds and parity obligations then outstanding for the year of computation; (b) enable the City to make all required payments, if any, into the debt service reserve fund. For the current year, principal and interest paid and total customer net revenues (operating revenues, plus interest earnings, plus depreciation expense) were \$497,638 and \$3,434,117, respectively.

Except with respect to the Senior SRF Bonds, or any future SRF bonds, the City covenants to establish and maintain a debt service reserve fund in the amount determined to be a reasonable reserve for the payment of principal and interest on the Bonds and outstanding parity obligations, (b) the maximum annual principal and interest requirements on the bonds and outstanding parity obligations, or (c) 125% of the average annual principal and interest requirements on the bonds.

During the year ended June 30, 2019, the City was in compliance with the revenue bonds' provisions.

Pursuant to the Master Resolutions, approved by the City Council, Sales Tax Increment Revenues received as a result of the Flood Mitigation Program under the Award Agreement shall be applied solely for the benefit of the holders of the Series 2016A Bonds \$20,800,000, and outstanding from time to time, any other Senior Bonds, the Series 2014 Bonds, \$7,190,000 and any other second lien bonds that may be issued in the future under the Master Resolution. The bonds provide financing for costs for acquisition, construction and installation and equipping of the Bee Branch Watershed Flood Mitigation Project.

The total principal and interest remaining to be paid on all revenue bonds is \$41,173,140.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

The City issued \$7,190,000 Sales Tax Increment Revenue Bonds, June 2014 and \$20,800,000 June 2016, for the purpose of paying costs of the acquisition, construction and installation and equipping of the Bee Branch Watershed Flood Mitigation Project. The master resolution establishes a Debt Service Reserve Account that may secure one or more series of Bonds. Upon the issuance of the Series 2016A Bonds a deposit of \$2,080,000 was made into the Debt Service Reserve Account, and the Series 2016A Bonds shall be secured by amounts held in the Debt Service Reserve Account. The Series 2014 Bonds are revenue bonds secured by and payable as provided in the Master Resolution from all Pledged Revenues which are pledged under the Master Resolution to the payment of the principal and interest of the Series 2014 Bonds. There shall be no deposit made into the Debt Service Reserve Account for Series 2014 Bonds, there is no debt service reserve requirement applicable to the Series 2014 Bonds, and Series 2014 Bonds shall not be secured by any amounts held in the Debt Service Reserve Account.

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year June 30	Business-type Activities	
	Principal	Interest
2020	\$ 330,000	\$ 934,308
2021	340,000	922,698
2022	355,000	910,598
2023	2,490,000	897,275
2024	3,535,000	1,139,525
2025-2029	19,710,000	3,548,338
2030-2031	5,725,000	335,400
Total	<u>\$ 32,485,000</u>	<u>\$ 8,688,142</u>

**Notes Payable.** Notes payable have been issued to provide funds for economic development and for the purchase of capital assets. Notes payable at June 30, 2019, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year	Current Portion
40 Main LLC	08/06/09	06/30/11-06/30/21	6.50 %	<u>\$ 690,529</u>	<u>\$ 176,054</u>	<u>\$ 85,174</u>

During Fiscal Year 2010, the City issued \$690,529 Urban Renewal Tax Increment Revenue Notes, Taxable Series 2009 (40 Main LLC Project). Interest is payable each December 31 and June 30 at a rate of 6.50%. Principal payments are due each December 31 and June 30 and range from \$24,764 to \$45,195 with final maturity in 2021. The proceeds were used for the construction of eighteen apartments for market-rate rental and 7,800 square feet of retail space by the Developer on the Development Property in accordance with the terms of the Development Agreement. The debt is owned by Premier Bank and; therefore, constitutes a direct borrowing.

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

Fiscal Year June 30	Governmental Activities	
	Principal	Interest
2020	\$ 85,174	\$ 10,235
2021	90,880	4,529
Total	<u>\$ 176,054</u>	<u>\$ 14,764</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 \$5,000 of SRF debt in 2019 as part of the Bee Branch stormwater construction project and \$30,940 for green alley projects reducing stormwater run off, \$233,631 for the Catfish Creek stabilization project, \$408,803 for CIWA purchase, \$1,541,796 for Kerper sewer project, \$444,163 for Roosevelt tower, and \$772,278 for upper Bee Branch culverts. The City has pledged income derived from the acquired or constructed assets to pay debt service. Capital loan notes payable at June 30, 2019, are as follows:

Purpose	Date Authorized	Final Maturity Date	Interest Rates	Amount Authorized	Amount Outstanding End of Year	Current Portion
Drinking Water	10/18/07	06/01/28	2.00 %	\$ 1,037,000	\$ 482,000	\$ 47,000
Clean Water	01/14/09	06/01/28	2.00	1,847,000	971,000	95,000
North Catfish Creek Stormwater	01/13/10	06/01/30	3.25	800,000	502,000	39,000
North Catfish Creek Sewer	01/13/10	06/01/30	3.25	912,000	573,000	44,000
Water Meter Replacement	02/12/10	06/01/30	3.25	7,676,000	2,140,000	149,000
Water and Resource Recovery Center	08/18/10	06/01/39	2.00	74,285,000	60,444,000	2,488,000
Bee Branch Stormwater	10/27/10	06/01/41	3.25	7,850,000	6,429,000	205,000
Cogeneration	05/17/13	06/01/33	2.00	3,048,000	2,257,000	141,000
Meter Replacement Sewer	05/31/13	06/01/30	3.25	3,058,000	2,140,000	149,000
Bee Branch Stormwater	06/19/15	06/01/37	1.43	31,417,953	28,761,589	1,148,000
CIWA Purchase	07/07/17	06/01/37	2.00	10,198,000	4,311,761	523,000
Roosevelt Tower	09/22/17	06/01/40	2.00	475,000	444,163	9,368
Kerper Blvd	03/08/19	06/01/38	2.00	2,763,000	1,427,796	116,000
Bee Branch Culverts	06/07/19	06/01/40	2.00	16,382,000	772,279	-
				<u>\$ 161,748,953</u>	<u>\$ 111,655,588</u>	<u>\$ 5,153,368</u>

On October 18, 2007 the City entered into an agreement with the Iowa Finance Authority Drinking Water Program Revolving Loan Fund for a line of credit up to \$1.037 million. This line of credit was issued to finance the clear well improvements by the Water Fund. The interest rate for this line of credit is 2.00%. Annual payments began in Fiscal Year 2008, with the last payment in Fiscal Year 2028. The note payable is payable solely from the Water Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On January 14, 2009 the City entered into an agreement with the Iowa Finance Authority Clean Water Program Revolving Loan Fund for a line of credit up to \$1.847 million. This line of credit was issued to finance the West 32nd Stormwater Detention Basin improvements by the Stormwater Fund. The interest rate for this line of credit is 2.00%. Annual payments began in Fiscal Year 2009, with the last payment in Fiscal Year 2028. The note payable is payable solely from the Stormwater Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On January 13, 2010 the City entered into an agreement with the Iowa Finance Authority Clean Water Program Revolving Loan Fund for a line of credit up to \$800,000. This line of credit was issued to finance the North Catfish Creek improvements by the Stormwater Fund. The interest rate for this line of credit is 3.25%. Annual payments began in Fiscal Year 2010, with the last payment in Fiscal Year 2030. The note payable is payable solely from the Stormwater Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On January 13, 2010 the City entered into an agreement with the Iowa Finance Authority Clean Water Program Revolving Loan Fund for a line of credit up to \$912,000. This line of credit was issued to finance the North Catfish Creek improvements by the Sanitary Sewer Fund. The interest rate for this line of credit is 3.25%. Annual payments began in Fiscal Year 2010, with the last payment in Fiscal Year

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

2030. The note payable is payable solely from the Sanitary Sewer Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On February 12, 2010 the City entered into an agreement with the Iowa Finance Authority Drinking Water Program Revolving Loan Fund for a line of credit up to \$7.676 million. This line of credit was issued to finance the Water Meter Replacements by the Water Fund. The interest rate for this line of credit is 3.25%. Annual payments began in Fiscal Year 2010, with the last payment in Fiscal Year 2031. The note payable is payable solely from the Water Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On August 18, 2010 the City entered into an agreement with the Iowa Finance Authority Clean Water Program Revolving Loan Fund for a line of credit up to \$74.285 million. This line of credit was issued to finance the Water & Resource Recovery Center Renovation and the Green Alley Sponsorship Program by the Sanitary Sewer Fund. The interest rate for this line of credit is 2.00%. Annual payments began in Fiscal Year 2011, with the last payment in Fiscal Year 2039. The note payable is payable solely from the Sanitary Sewer Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On October 27, 2010 the City entered into an agreement with the Iowa Finance Authority Clean Water Program Revolving Loan Fund for a line of credit up to \$7.85 million. This line of credit was issued to finance the Lower Bee Branch Creek Restoration by the Stormwater Fund. The interest rate for this line of credit is 3.25%. Annual payments began in Fiscal Year 2011, with the last payment in Fiscal Year 2041. The note payable is payable solely from the Stormwater Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On May 17, 2013 the City entered into an agreement with the Iowa Finance Authority Clean Water Program Revolving Loan Fund for a line of credit up to \$3.048 million. This line of credit was issued to finance the Water & Resource Recovery Center Cogeneration by the Sanitary Sewer Fund. The interest rate for this line of credit is 3.25%. Annual payments began in Fiscal Year 2011, with the last payment in Fiscal Year 2041. The note payable is payable solely from the Sanitary Sewer Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On May 31, 2013 the City entered into an agreement with the Iowa Finance Authority Clean Water Program Revolving Loan Fund for a line of credit up to \$3.058 million. This line of credit was issued to finance the Meter Replacements by the Sanitary Sewer Fund. The interest rate for this line of credit is 3.25%. Annual payments began in Fiscal Year 2011, with the last payment in Fiscal Year 2041. The note payable is payable solely from the Sanitary Sewer Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On June 19, 2015 the City entered into an agreement with the Iowa Finance Authority Clean Water Program Revolving Loan Fund for a line of credit up to \$31.418 million. This line of credit was issued to finance the Upper Bee Branch Creek Restoration project and Catfish Creek Sponsorship project by the Sales Tax Increment Fund. The interest rate for this line of credit is 1.43%. Annual payments began in Fiscal Year 2016, with the last payment in Fiscal Year 2037. The note payable is payable solely from the Sales Tax Increment Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On July 7, 2017 the City entered into an agreement with the Iowa Finance Authority Drinking Water Program Revolving Loan Fund for a line of credit up to \$10.198 million. This line of credit was issued to finance the purchase of the Central Iowa Water Association Water System and Improvements by the

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

Water Fund. The interest rate for this line of credit is 2.00%. Annual payments began in Fiscal Year 2018, with the last payment in Fiscal Year 2037. The note payable is payable solely from the Water Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On September 22, 2017 the City entered into an agreement with the Iowa Finance Authority Drinking Water Program Revolving Loan Fund for a line of credit up to \$475,000. This line of credit was issued to finance the planning and design of the Roosevelt Water Tower by the Water Fund. The interest rate for this line of credit is 0%. Annual payments will begin in Fiscal Year 2020, with the last payment in Fiscal Year 2040. The note payable is payable solely from the Water Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On March 8, 2019 the City entered into an agreement with the Iowa Finance Authority Clean Water Program Revolving Loan Fund for a line of credit up to \$2.763 million. This line of credit was issued to finance the reconstruction of the Kerper Sanitary Sewer project and the Eagle Point Park Sponsorship Project by the Sanitary Sewer Fund. The interest rate for this line of credit is 2.00%. Annual payments began in Fiscal Year 2019, with the last payment in Fiscal Year 2038. The note payable is payable solely from the Sanitary Sewer Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

On June 7, 2019 the City entered into an agreement with the Iowa Finance Authority Clean Water Program Revolving Loan Fund for a line of credit up to \$16.382 million. This line of credit was issued to finance the construction of the Bee Branch Creek Restoration Railroad Culverts project by the Stormwater Fund. The interest rate for this line of credit is 2.00%. Annual payments will begin in Fiscal Year 2020, with the last payment in Fiscal Year 2040. The note payable is payable solely from the Stormwater Fund. The debt is owned by the Iowa Finance Authority and; therefore, constitutes direct borrowing.

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

Fiscal Year June 30	Business-type Activities	
	Principal	Interest
2020	\$ 5,153,368	\$ 2,226,516
2021	5,916,019	2,121,044
2022	5,423,679	2,000,273
2023	5,427,790	1,889,128
2024	5,538,188	1,780,699
2025-2029	28,316,954	7,320,182
2030-2034	25,995,204	4,352,929
2035-2039	29,095,386	2,087,880
2040-2041	789,000	38,675
Total	<u>\$ 111,655,588</u>	<u>\$ 23,817,326</u>

At June 30, 2019, the City of Dubuque had \$22,341,408 of capital loan note funds available. These funds are available to the City by filing a disbursement request with the State of Iowa. The City expects to use the remaining available funds in fiscal year 2020. The Sewer Utility revenue capital loan notes covenants include a requirement for the utility to produce net revenue of at least 110% of the current year debt service requirement.



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Loans Payable.** Loans payable have been issued to fund several City projects. Loans payable at June 30, 2019, 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	\$ 152,330	\$ 30,988
Iowa Finance Authority	08/26/11	06/01/20-06/01/30	3.0	4,500,000	3,334,111	34,977
Bowling & Beyond Inc.	10/15/12	12/04/12-12/04/32	-	1,000,000	650,000	50,000
Central Iowa Water	12/01/16	12/01/17-12/01/21	3.0	5,000,000	3,000,000	1,000,000
				<u>\$ 10,900,000</u>	<u>\$ 7,136,441</u>	<u>\$ 1,115,965</u>

On July 8, 2008, the City issued a \$400,000 loan. Interest is payable each July 1 and January 1 at a rate of 5.00%. Principal payments are due each July 1 and January 1 and range from \$9,111 to \$18,645 with final maturity in 2024. The proceeds were used to purchase parking lots 87, 88, and the north 20 feet 3 inches of lot 86. The debt is owned by Dubuque Initiatives and; therefore, constitutes a direct borrowing.

On August 26, 2011, the City issued \$4.5 million loan. Interest is payable each December 1 and June 1 at a rate of 3.00%. Principal payments are due each December 1 and June 1 and range from \$82,922 to \$2,582,540 with final maturity in 2030. The proceeds were used to pay costs of funding workforce housing assistance loans to private developers constructing improvements and rehabilitating historic buildings for residential and commercial use in the Greater Downtown Urban Renewal Area. The debt is owned by the Iowa Finance Authority and; therefore, constitutes a direct borrowing.

On October 15, 2012, the City terminated the leases with Bowling & Beyond Dubuque, Inc. and entered into a lease buyout agreement. The purchase price is \$1.0 million. There is no interest. Principal payments are due each July 25 in the amount of \$50,000 with final maturity in 2032. The debt is owned by Michael K. Schmidt and; therefore, constitutes a direct borrowing.

On December 1, 2016, the City issued a \$5,000,000 loan. Interest is payable each December 1 at a rate of 3.00%. Principal payments of \$1 million are due each December 1 with final maturity in 2022. The proceeds were used to purchase water supply, service and territory. The debt is owned by Iowa Association of Regional Utilities (D/B/A Central Iowa Water Association) and; therefore, constitutes a direct borrowing.

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

Fiscal Year June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 84,977	\$ 100,023	\$ 1,030,988	\$ 97,234
2021	251,870	98,974	1,032,557	65,665
2022	257,926	92,918	1,034,205	34,017
2023	264,164	86,680	35,937	2,285
2024	270,589	80,255	18,644	466
2025-2029	1,456,269	297,950	-	466
2030-2032	1,398,315	37,450	-	-
Total	<u>\$ 3,984,110</u>	<u>\$ 794,250</u>	<u>\$ 3,152,331</u>	<u>\$ 200,133</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Changes in Long-term Liabilities.** Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 48,101,448	\$ 2,883,875	\$ (4,836,188)	\$ 46,149,135	\$ 4,968,670
Unaccreted premium	782,611	81,693	(52,213)	812,091	-
Unamortized discounts	(50,561)	-	7,163	(43,398)	-
Total general obligation bonds	48,833,498	2,965,568	(4,881,238)	46,917,828	4,968,670
Tax increment financing bonds	20,045,000	-	(510,000)	19,535,000	550,000
Unamortized discounts	(177,438)	-	8,872	(168,566)	-
Total tax increment financing bonds	19,867,562	-	(501,128)	19,366,434	550,000
Notes payable	255,881	-	(79,827)	176,054	85,174
Loans payable	4,067,700	-	(83,590)	3,984,110	84,977
Compensated absences	5,505,660	2,713,127	(2,642,243)	5,576,544	403,220
<b>Total governmental activities</b>	<b>\$ 78,530,301</b>	<b>\$ 5,678,695</b>	<b>\$ (8,188,026)</b>	<b>\$ 76,020,970</b>	<b>\$ 6,092,041</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 41,238,549	\$ 216,125	\$ (2,903,809)	\$ 38,550,865	\$ 2,946,330
Unaccreted premium	774,203	6,112	(56,133)	724,182	-
Unamortized discounts	(32,842)	-	3,800	(29,042)	-
Total general obligation bonds	41,979,910	222,237	(2,956,142)	39,246,005	2,946,330
Revenue bonds	32,800,000	-	(315,000)	32,485,000	330,000
Unaccreted premium	733,168	-	(66,360)	666,808	-
Unamortized discounts	(59,035)	-	4,927	(54,108)	-
Total revenue bonds	33,474,133	-	(376,433)	33,097,700	330,000
Notes payable	112,765,210	3,436,611	(4,546,232)	111,655,589	5,153,368
Loans payable	4,181,826	-	(1,029,495)	3,152,331	1,030,988
Compensated absences	727,812	334,805	(358,042)	704,575	54,366
<b>Total business-type activities</b>	<b>\$ 193,128,891</b>	<b>\$ 3,993,653</b>	<b>\$ (9,266,344)</b>	<b>\$ 187,856,200</b>	<b>\$ 9,515,052</b>

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

**Legal Debt Margin Calculation.**

Estimated actual value	\$ 4,430,255,110
Debt limit - 5% of total actual valuation	221,512,756
Debt applicable to limit	(117,222,925)
Legal debt margin	<u>\$ 104,289,831</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Dubuque Metropolitan Area Solid Waste Agency**

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

The Dubuque Area Metropolitan Solid Waste Agency will reimburse Dubuque County for interest and principal payments from operating revenue. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. The amount outstanding as of June 30, 2019 is as follows:

Purpose	Date of Issue	Maturity Date	Interest Rate	Amount Originally Issued	Amount Outstanding End of Year
Landfill Facility	12/30/2014	06/01/16-06/01/34	2.0-4.0 %	\$ 4,500,000	\$ 3,735,000
Landfill Facility	12/28/2016	06/01/17-06/01/36	3.0	5,100,000	4,595,000
				<u>\$ 9,600,000</u>	<u>\$ 8,330,000</u>

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

Fiscal Year June 30	Principal	Interest
2020	410,000	250,659
2021	425,000	238,359
2022	435,000	225,609
2023	450,000	210,459
2024	465,000	198,609
2025-2029	2,525,000	791,588
2030-2034	2,950,000	392,625
2035-2036	670,000	32,825
Total	<u>\$ 8,330,000</u>	<u>\$ 2,340,733</u>

**Changes in Long-Term Liabilities.** Long term liability activity for the year ended June 30, 2019 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bond	\$ 8,730,000	\$ -	\$ (400,000)	\$ 8,330,000	\$ 410,000
Unaccreted premium	230,386	-	(12,857)	217,529	-
Total general obligation bond	<u>\$ 8,960,386</u>	<u>\$ -</u>	<u>\$ (412,857)</u>	<u>\$ 8,547,529</u>	<u>\$ 410,000</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 8 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance purchased from independent third parties and participates in a local government risk pool. The City assumes liability for 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 125% of expected claims. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop-loss amount of \$750,000, and an aggregate-stop loss consistent with statutory limits for 2019. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense. The City purchases private insurance to include sworn Police Officers and Fire Fighters medical claims under a self- insured retention of \$750,000 for each accident.

All funds of the City participate in both programs and make payments to the Health Insurance Reserve Fund and the Workers' Compensation Reserve Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$975,946 in the Health Insurance Reserve Fund and \$1,023,090 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, 2019 and 2018, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
Liabilities at June 30, 2017	\$ 704,944	\$ 1,118,237
Claims and changes in estimates during fiscal year 2018	9,540,883	721,516
Claim payments	<u>(9,745,993)</u>	<u>(843,066)</u>
Liabilities at June 30, 2018	499,834	996,687
Claims and changes in estimates during fiscal year 2019	9,637,510	693,551
Claim payments	<u>(9,161,398)</u>	<u>(667,148)</u>
Liabilities at June 30, 2019	<u><u>\$ 975,946</u></u>	<u><u>\$ 1,023,090</u></u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

The City is a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 775 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. The City acquires automobile physical damage coverage through the Pool. All other property, inland marine, and boiler/machinery insurance is acquired through commercial insurance. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2019, were \$457,116.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Excess coverage is provided for claims exceeding \$500,000 under various reinsurance agreements. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's Iowa Risk Management Agreement with its members provides that in the event a casualty claim, property loss or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2019, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – RISK MANAGEMENT (continued)**

Members agree to continue membership in the Pool through the Iowa Risk Management Agreement for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

**NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2019.

**Litigation**

The City Attorney reported that various claims and lawsuits were on file against the City.

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

**Construction Contracts**

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2019. The City has additional commitments for signed construction contracts of \$34,063,822 as of June 30, 2019. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

Dubuque Metropolitan Area Solid Waste Agency has recognized a liability for only that portion of construction contracts representing construction completed through June 30, 2019. DMASWA has an additional commitments for a signed construction contracts of \$546,862 as of June 30, 2019. These commitments will be partially funded by bond proceeds.

**Southwest Arterial**

The City is currently in process of constructing the Southwest Arterial. As of June 30, 2019, the City has expended \$51,230,118 on the project. Upon completion of the project, the Southwest Arterial will be reverted to the State of Iowa.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Plan Description - The City operates a single-employer retiree benefit plan which provides postemployment benefits for eligible participants enrolled in the City-sponsored plans, which include the employees of the Dubuque Metropolitan Area Solid Waste Agency (a component unit). The Plan does not issue a stand-alone financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The benefits are provided in the form of:

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

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

To be eligible for the health insurance coverage, retirees must be at least 55 years old, have completed 4 years of service, and be vested with either the Iowa Public Employee's Retirement System (IPERS) or the Municipal Fire and Police Retirement System of Iowa (MFPRSI). In addition to the health eligibility coverage requirements, one must have belonged to a bargaining group to be eligible for life insurance benefits. There are approximately 522 active and 89 retired members in the plan, as of most recent actuarial valuation report.

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

Total OPEB Liability - The City's OPEB liability of \$6,121,366 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017. The City's proportion is based on the number of employees in the plan. The City's proportion was 98.1% as of June 30, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability beginning of year	\$ 6,016,233
Changes for the year:	
Service cost	296,597
Interest	172,576
Other changes	2,582
Changes in assumptions	85,951
Benefit payments	(452,573)
Net Changes	105,133
Total OPEB Liability end of year	\$ 6,121,366

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

Actuarial Methods and Assumptions - The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	
effective June 30, 2018	3.00% per annum
Rates of salary increase	4.00% per annum,
effective June 30, 2018	including inflation
Discount rate	2.79% compounded annually,
effective June 30, 2019	including inflation
Healthcare cost trend rate	7.0% initial rate decreasing by 0.25%
effective June 30, 2018	annually to an ultimate rate of 5.00%

Discount Rate - The discount rate used to measure the total OPEB liability was 2.79% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 Combined Annuitant Mortality Table. Annual retirement and termination probabilities were developed consistent with the City's experience and the IPERS and MFPRSI retirement patterns.

Projected claim costs of the medical plan are \$11,955-\$17,015 per year for retirees depending on the age of retiree. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of actual experience dates study with dates corresponding to those listed above.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB Liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.79%) or 1% higher (3.79%) than the current discount rate.

	1% Decrease (1.79%)	Discount Rate (2.79%)	1% Increase (3.79%)
Total OPEB Liability	\$ 6,593,124	\$ 6,121,366	\$ 5,682,587

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB Liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB Liability	\$ 5,488,823	\$ 6,121,366	\$ 6,873,092



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2019 the City recognized OPEB expense of \$498,134. At June 30, 2019 the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in Assumptions	\$ 235,366

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Amount
2020	\$ 29,081
2021	29,081
2022	29,081
2023	29,081
2024	29,081
Thereafter	89,961
	<u>\$ 235,366</u>

**Dubuque Metropolitan Area Solid Waste Agency Specific (DMASWA) OPEB Disclosures**

Total OPEB Liability- DMASWA OPEB liability of \$117,066 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017. The Agency's portion is based on the number of employees in the plan. The Agency's portion was 1.9% as of June 30, 2019.

	Total OPEB Liability
Total OPEB Liability beginning of year	\$ 116,294
Changes for the year:	
Service Cost	5,672
Interest	3,300
Other Changes	(1,188)
Changes in assumptions	1,643
Benefit payments	(8,655)
Net Changes	<u>772</u>
Total OPEB Liability end of year	<u>\$ 117,066</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate- The following presents the total OPEB Liability of the DMASWA, as well as what the DMASWA's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.79%) or 1% higher (3.79%) than the current discount rate.

	1% Decrease (1.79%)	Discount Rate (2.79%)	1% Increase (3.79%)
Total OPEB Liability	\$ 126,088	\$ 117,066	\$ 108,675

Sensitivity of the DMASWA's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates- The following presents the total OPEB Liability of the DMASWA, as well as what the DMASWA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.0%)	1% Increase (8.00%)
Total OPEB Liability	\$ 104,969	\$ 117,066	\$ 131,442

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2019 the DMASWA recognized OPEB expense of \$9,648. At June 30, 2019 the DMASWA reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in Assumptions	\$ 4,501

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending	June 30 Amount
2020	\$ 556
2021	556
2022	556
2023	556
2024	556
Thereafter	1,721
	<u>\$ 4,501</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – EMPLOYEE PENSION PLANS**

**Aggregate Pension Expense**

The primary government participates in two public pension systems, Iowa Public Employees' Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). The component unit DMASWA participates in IPERS only. The following sections outline the pension related disclosures for each pension of both entities. The aggregate amount of recognized pension expense for the period associated with the net pension liability for all plans is \$6,737,358 for the primary government. Other aggregate amounts related to pension are separately displayed in the financial statements.

**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](http://www.ipers.org).

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

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

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if greater than the highest five-year average salary.

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

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with the regular November benefit payments.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

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

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

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% for a total rate of 15.73%.

The City's total contributions to IPERS for the year ended June 30, 2019 were \$2,402,552. The Dubuque Metropolitan Area Solid Waste Agency's total contributions to IPERS for the year ended June 30, 2019 were \$58,840.

**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, 2019, the City reported a liability of \$21,091,719 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the City's collective proportion was .33329% which was a decrease of -0.00161% from its proportion measured as of June 30, 2017.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

For the year ended June 30, 2019, the City recognized pension expense of \$2,584,658. At June 30, 2019, 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	\$ 115,643	\$ 476,707
Changes of assumptions	3,008,864	-
Net difference between projected and actual earnings on IPERS' investments	-	579,533
Changes in proportion and differences between City's contributions and City's proportionate share of contributions	5,543	757,210
City contributions subsequent to the measurement date	2,402,552	-
Total	<u>\$ 5,532,602</u>	<u>\$ 1,813,450</u>

\$2,402,552 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, 2020. 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
2020	\$ 1,142,646
2021	546,065
2022	(282,073)
2023	(64,647)
2024	(25,391)
	<u>\$ 1,316,600</u>

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate- The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

	1% Decrease (6.0)%	Discount Rate (7.0)%	1% Increase (8.0)%
City's proportionate share of the net pension liability:	\$ 35,796,886	\$ 21,091,719	\$ 8,756,270

**Dubuque Metropolitan Area Solid Waste Agency Specific (DMASWA) IPERS Disclosures**

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the DMASWA reported a liability of \$516,544 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the DMASWA's collective proportion was 0.0081976% which was a decrease of 0.0003264% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the DMASWA recognized pension expense of \$46,753. At June 30, 2019, 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	\$ 2,832	\$ 11,675
Changes of assumptions	73,688	-
Net difference between projected and actual earnings on IPERS' investments	-	14,193
Net changes in proportion and differences between Agency's contributions and Agency's proportionate share of contributions	136	18,544
Agency contributions subsequent to the measurement date	58,840	-
Total	<u>\$ 135,496</u>	<u>\$ 44,412</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

\$58,840 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, 2020. 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
2020	\$ 28,098
2021	13,428
2022	(6,936)
2023	(1,590)
2024	(756)
	<u>\$ 32,244</u>

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00)%	Discount Rate (7.00)%	1% Increase (8.00)%
Agency's proportionate share of the net pension liability:	\$ 876,678	\$ 516,544	\$ 214,444

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term Investment rate of return (effective June 30, 2017)	7.00% , compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and 0.65% real wage inflation

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018. Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22 %	6.01%
International equity	15	6.48
Global smart beta equity	3	6.23
Core plus fixed income	27	1.97
Public credit	3.5	3.93
Public real assets	7	2.91
Cash	1.0	(0.25)
Private equity	11	10.81
Private real assets	8	4.14
Private credit	3	3.11
Total	<u>100 %</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

IPERS' Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS - At June 30, 2019, the City reported payables to the defined benefit pension plan of \$2,648 for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

**Municipal Fire and Police Retirement System of Iowa (MFPRSI)**

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

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

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

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

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

Disability and Death Benefits – Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2019.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 26.02% for the year ended June 30, 2019.

The City's contributions to MFPRSI for the year ended June 30, 2019 was \$3,695,595.

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, 2019.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$28,959,783 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the new pension liability was determined by an

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**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, 2018, the City's proportion was 4.863891% which was an increase of 0.079023% from its proportions measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$4,152,700. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 777,429	\$ 392,854
Changes of assumptions	2,473,460	231,423
Net difference between projected and actual earnings on pension plan investments	1,416,546	-
Changes in proportion and differences between City contributions and proportionate share of contributions	320,102	729,913
City contributions subsequent to the measurement date	3,695,595	-
Total	<u>\$ 8,683,132</u>	<u>\$ 1,354,190</u>

\$3,695,595 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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
2020	\$ 531,641
2021	2,191,141
2022	1,141,940
2023	(389,323)
2024	157,948
	<u>\$ 3,633,347</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rates of salary increase	3.75% to 15.11% including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

Mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward one year and disabled individuals set-forward one year (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning 2017.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	7.0%	3.3%
Emerging markets debt	3.0	6.3
Domestic equities	12.5	5.8
Master limited partnerships (MLP)	5.0	9.0
International equities	12.5	7.3
Core investments		40.0%
Strategic investments		35.0
Private equity		15.0
Private non-core real estate	5.0	8.0
Private core real estate	5.0	6.0
Real estate		10.0
Total		100.0%

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 11 – EMPLOYEE PENSION PLANS (continued)**

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rates, actuarially determined. Based on those assumptions, MFPRSI fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on MFPRSI investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

	1% Decrease (6.50)%	Discount Rate (7.50)%	1% Increase (8.50)%
City's proportionate share of the net pension liability:	\$ 48,318,399	\$ 28,959,783	\$ 12,931,488

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

Payables to MFPRSI - At June 30, 2019, City of Dubuque, Iowa reported payables to the defined benefit pension plan of \$0 for legally required employer contributions. There were no legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 12 – LANDFILL CLOSURE AND POST CLOSURE CARE**

To comply with federal (40 CFR 258.74) and state regulations (IAC 113.14 (455b)), the Dubuque Metropolitan Area Solid Waste agency (DMASWA) is required to complete a closure and post-closure plan and to provide funding necessary to effect that plan, including the proper monitoring and care of the landfill after closure. Once the landfill is no longer accepting waste and is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting leachate (the liquid that drains out of waste) for thirty years.

State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. A variety of financial mechanisms can be used to demonstrate compliance with federal and state financial assurance rules.

The Agency utilizes the dedicated fund mechanism, which is funded through the tipping fees it receives. The Agency files an annual report with the State to provide compliance with its legal requirements of maintaining a balance per the prescribed formula. Any adjustments to the account are made prior to June 30.

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

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

	2019
Closure	\$ 3,019,861
Post-closure care	2,307,129
Totals	<u>\$ 5,326,990</u>

The total closure and post-closure care costs for the DMASWA has been estimated at approximately \$5,326,990 as of June 30, 2019, and the portion of the liability, that has been recognized is \$3,547,590.

This liability represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of cells 1, 2, 3, 4, 5, 6, 7 and 8, and 95% of cell 9 Phase I and 41% of cell 9 Phase II and 35% of cell 9 Phase III. The Agency has accumulated resources to fund closure and post-closure costs; they are included in assets whose use is limited on the balance sheet and total \$4,790,910 as of June 30, 2019. The Agency will recognize the remaining estimated cost of closure and post closure care of \$1,779,400 over the estimated remaining life of 17 years as the remaining capacity is filled.

**NOTE 13 – LEASES WHERE CITY IS LESSOR**

The City of Dubuque leases riverfront property, airport property (hangars and terminal space), farm land, parking areas, space for antennas on top of water towers, and concession areas under operating leases. The most significant lease is the lease of the greyhound racing and gambling facility and related parking area to the Dubuque Racing Association (DRA). The City's cost of the leased DRA assets total \$10,144,771. The carrying amount of the assets at June 30, 2019 is \$6,014,509, with \$142,423 of depreciation expense during the year ended June 30, 2019. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2019, the DRA lease generated \$5,149,188 in lease revenue.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 14 – SUBSEQUENT EVENTS**

On May 20, 2019 a public hearing was held on a \$4.4 million Water Revenue Capital Loan SRF Note. The loan funds will be used to pay costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Municipal Water Utility, including those costs associated with the Roosevelt Street water tower and water distribution improvements project and the Eagle Point water treatment plant and water distribution improvements project; and refunding the Water Revenue Capital Loan Notes Anticipation Project Note, Series 2017, dated September 22, 2017. The Water Revenue Capital Loan Notes have an interest rate of 2.00 percent per annum maturing on June 1, 2040. Complete action was taken on July 8, 2019.

On July 3, 2019 General Obligation Refunding Bonds, Series 2019C were issued for \$4,240,000 with an average interest rate of 3.00 percent per annum maturing on June 1, 2032. The Series 2019C General Obligation Refunding Bonds were issued at a premium of \$192,045 less costs of issuance and underwriter's discount totaling \$57,458. Net proceeds were \$4,374,587. The Series 2019C General Obligation Refunding Bonds were issued to refund the outstanding portion of the Series 2012D General Obligation Bonds, which were outstanding in the aggregate principal amount of \$4,370,000. The refunded Series 2012D were called for redemption on July 3, 2019 and are considered defeased. The net effect of the issuance of the Series 2019C Bonds was a decrease in total debt service of \$193,675 in gross savings, or \$166,784 in present value savings.

On September 16, 2019 a public hearing was held on a \$25,000 General Fund Lease Agreement. The general fund lease proceeds will be used in order to provide funds to pay costs of the acquisition of personal property for the City, and more specifically, for the lease of a printer. The lease is a 60-month operating lease with Midwest Business Products.

On September 16, 2019 a public hearing was held on a \$170,000 General Fund Lease Agreement. The general fund lease proceeds will be used in order to provide funds to pay costs of the acquisition of personal property for the City, and more specifically, for the lease of a postage machine. The lease is a 60-month operating lease with Postal Source.

On October 7, 2019 the City Council approved the Termination of Redevelopment Project Agreement between and among Flexsteel Industries Inc., Dubuque County, Dubuque Initiatives and the City of Dubuque and the Amendment to Offer to Buy Real Estate and Acceptance between Dubuque County and the City of Dubuque. In 2017, the City of Dubuque, Dubuque Initiatives and Flexsteel entered into agreements designed to accomplish three objectives: (1) build a new Flexsteel manufacturing facility in Dubuque; (2) avoid the creation of a potential blight on Dubuque's north end; and (3) facilitate the rehabilitation and reutilization of the Flexsteel property at 3200 Jackson Street for new business development. The first goal has been accomplished with the new Flexsteel manufacturing facility in Dubuque's Industrial Center South. The second goal is underway with environmental and demolition activity at 3200 Jackson Street. Regarding the third goal, Flexsteel has decided to retain and redevelop the Jackson Street property, rather than the original plan to transfer the property to Dubuque Initiatives for redevelopment using financial assistance from the City, Dubuque County, the State of Iowa and Flexsteel. To implement this change required the parties to terminate the Redevelopment Agreement for the property at 3200 Jackson. In addition to Flexsteel retaining the property, the Termination Agreement releases the City, Dubuque County and the State of Iowa from their pledged financial assistance of approximately \$3,000,000. Additionally, the initial real estate sales agreement between the City and Dubuque County for the land purchased by Flexsteel to build its new facility was amended. The Amendment provides for the return of escrowed funds to the City and Dubuque County which were originally targeted to support the redevelopment of 3200 Jackson. The City of Dubuque had \$683,567 of escrow funds released back to the City on November 25, 2019.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 15 – PROSPECTIVE ACCOUNTING PRONOUNCEMENTS**

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

Statement No. 84, Fiduciary Activities, will be effective for the fiscal year June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of certain fiduciary activities for accounting and reporting purposes and how those activities should be reported.

Statement No. 87, Leases, will be effective for the fiscal year June 30, 2021. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, will be effective for the fiscal year June 30, 2021. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

Statement No. 90, Majority Equity Interest-an amendment of GASB Statement No. 14 and No. 61, will be effective for the fiscal year June 30, 2020. The primary objective of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Statement No. 91, Conduit Debt Obligations, will be effective for the fiscal year June 30, 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminated diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Statement No. 92, Omnibus 2020, issued January 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022 except for the requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments effective upon issuance. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including leases, intra-entity transfers, assets accumulated for postemployment benefits, applicability of Statement No. 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, nonrecurring fair value measurements of assets or liabilities, and terminology to refer to derivative instruments.

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



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 16 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapter 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as a part of these agreements.

For the year ended June 30, 2019, the City abated \$2,542,358 of property tax under the urban renewal and economic development projects.

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**Required Supplementary Information**  
**June 30, 2019**  
**City of Dubuque, Iowa**

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN**  
**BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**GOVERNMENTAL AND ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Actual	Budgeted Amounts		Final to Actual
		Original	Final	Variance
<b>RECEIPTS</b>				
Property tax	\$ 26,470,768	\$ 25,766,328	\$ 25,766,328	\$ 704,440
Tax increment financing	9,867,968	10,182,997	10,182,997	(315,029)
Other City tax	17,758,632	18,093,849	18,093,849	(335,217)
Licenses and permits	1,646,185	1,562,233	1,633,906	12,279
Use of money and property	15,855,965	13,276,669	13,951,522	1,904,443
Intergovernmental	37,963,794	34,564,606	79,092,743	(41,128,949)
Charges for fees and service	39,585,889	43,495,519	43,532,641	(3,946,752)
Special assessments	140,536	30,000	30,000	110,536
Miscellaneous	9,670,160	8,173,863	8,506,759	1,163,401
Total Receipts	<u>158,959,897</u>	<u>155,146,064</u>	<u>200,790,745</u>	<u>(41,830,848)</u>
<b>EXPENDITURES</b>				
Public safety	28,828,548	29,625,497	30,325,550	1,497,002
Public works	13,177,053	12,601,671	13,884,882	707,829
Health and social services	988,853	1,003,132	1,129,771	140,918
Culture and recreation	12,149,878	12,657,491	13,693,874	1,543,996
Community and economic development	14,216,512	14,224,282	14,553,885	337,373
General government	9,036,511	9,504,245	9,744,730	708,219
Debt service	10,593,529	10,602,063	11,008,961	415,432
Capital projects	27,813,562	27,768,715	83,066,966	55,253,404
Business-type activities	43,181,009	56,814,009	74,161,750	30,980,741
Total Expenditures	<u>159,985,455</u>	<u>174,801,105</u>	<u>251,570,369</u>	<u>91,584,914</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES</b>	<u>(1,025,558)</u>	<u>(19,655,041)</u>	<u>(50,779,624)</u>	<u>49,754,066</u>
<b>OTHER FINANCING SOURCES, NET</b>	<u>6,565,819</u>	<u>11,406,977</u>	<u>18,618,270</u>	<u>(12,052,451)</u>
<b>EXCESS DEFICIENCY OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>5,540,261</u>	<u>(8,248,064)</u>	<u>(32,161,354)</u>	<u>37,701,615</u>
<b>BALANCE, BEGINNING OF YEAR</b>	<u>75,342,368</u>	<u>39,769,337</u>	<u>88,559,720</u>	<u>-</u>
<b>BALANCE, ENDING OF YEAR</b>	<u>\$ 80,882,629</u>	<u>\$ 31,521,273</u>	<u>\$ 56,398,366</u>	<u>\$ 37,701,615</u>

See Notes to Required Supplementary Information.

# CITY OF DUBUQUE, IOWA

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2019

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 31 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, 2019, was amended two times during the year to allow the City to increase function expenditures by \$76,769,264 primarily for the carry-forward of unfinished capital improvement projects. During the year ended June 30, 2019, no function expenses exceeded the budgeted amount.

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

	Budgetary Basis	Accrual Adjustments	Modified Accrual/Accrual Basis	Governmental Funds Modified Accrual Basis	Enterprise Funds Accrual Basis	Total
Receipts/Revenue	\$ 158,959,897	\$ (8,553,352)	\$ 150,406,545	\$ 113,356,370	\$ 37,050,175	\$ 150,406,545
Expenditures/Expenses	159,985,455	(14,073,937)	145,911,518	107,019,400	38,892,118	145,911,518
Deficiency of Receipts/Revenue						
Under Expenditures/Expenses	(1,025,558)	5,520,585	4,495,027	6,336,970	(1,841,943)	4,495,027
Other Financing Sources	6,565,819	9,929,700	16,495,519	1,298,996	15,196,523	16,495,519
Net	5,540,261	15,450,285	20,990,546	7,635,966	13,354,580	20,990,546
Balance, Beginning	75,342,368	161,890,066	237,232,434	55,276,503	181,955,931	237,232,434
Balance, Ending	<u>\$ 80,882,629</u>	<u>\$ 177,340,351</u>	<u>\$ 258,222,980</u>	<u>\$ 62,912,469</u>	<u>\$ 195,310,511</u>	<u>\$ 258,222,980</u>

**CITY OF DUBUQUE, IOWA****SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY****IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM****LAST FIVE FISCAL YEARS\*****(IN THOUSANDS)**

<b>Required Supplementary Information</b>					
	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.33329%	0.33490%	0.34275%	0.35135%	0.37035%
City's proportionate share of the net pension liability	\$ 21,091	\$ 22,309	\$ 21,570	\$ 17,358	\$ 14,688
City's covered payroll	\$ 25,024	\$ 24,961	\$ 24,597	\$ 24,039	\$ 24,210
City's proportionate share of the net pension liability as a percentage of its covered payroll	84.28%	89.38%	87.69%	72.21%	60.67%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

\*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

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

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

**Required Supplementary Information**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Statutorily required contribution	\$ 2,403	\$ 2,235	\$ 2,229	\$ 2,196	\$ 2,151	\$ 2,164	\$ 2,022	\$ 2,022	\$ 1,573	\$ 1,415
Contributions in relation to the statutorily required contribution	(2,403)	(2,235)	(2,229)	(2,196)	(2,151)	(2,164)	(2,022)	(2,022)	(1,573)	(1,415)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 25,423	\$ 25,024	\$ 24,961	\$ 24,597	\$ 24,039	\$ 24,210	\$ 23,321	\$ 23,676	\$ 22,627	\$ 21,275
Contributions as a percentage of covered payroll	9.45%	8.93%	8.93%	8.93%	8.95%	8.94%	8.67%	8.54%	6.95%	6.65%

**CITY OF DUBUQUE, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -- PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEMS**  
**YEAR ENDED JUNE 30, 2019**

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*Changes of benefit terms:*

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

*Changes of assumption:*

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates
- Lowered disability rates
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

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

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



**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA**  
**LAST FIVE FISCAL YEARS\***  
**(IN THOUSANDS)**

**Required Supplementary Information**

	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	4.8639%	4.7840%	4.9533%	4.9854%	5.0788%
City's proportionate share of the net pension liability	\$ 28,960	\$ 28,062	\$ 30,971	\$ 23,423	\$ 18,410
City's covered payroll	\$ 14,118	\$ 13,552	\$ 13,423	\$ 13,052	\$ 12,968
City's proportionate share of the net pension liability as a percentage of its covered payroll	205.13%	207.07%	230.73%	179.46%	141.96%
Plan fiduciary net position as a percentage of the total pension liability	81.07%	80.60%	78.20%	83.04%	86.27%

\*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

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

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF THE CITY CONTRIBUTION**  
**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA**  
**LAST 10 FISCAL YEARS**  
**(IN THOUSANDS)**

**Required Supplementary Information**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Statutorily required contribution	\$ 3,696	\$ 3,626	\$ 3,513	\$ 3,727	\$ 3,969	\$ 3,906	\$ 3,310	\$ 3,177	\$ 2,404	\$ 1,966
Contributions in relation to the statutorily required contribution	<u>(3,696)</u>	<u>(3,626)</u>	<u>(3,513)</u>	<u>(3,727)</u>	<u>(3,969)</u>	<u>(3,906)</u>	<u>(3,310)</u>	<u>(3,177)</u>	<u>(2,404)</u>	<u>(1,966)</u>
Contribution deficiency (excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 14,203	\$ 14,118	\$ 13,552	\$ 13,423	\$ 13,052	\$ 12,968	\$ 12,672	\$ 12,831	\$ 12,080	\$ 11,565
Contributions as a percentage of covered payroll	26.02%	25.68%	25.92%	27.77%	30.41%	30.12%	26.12%	24.76%	19.90%	17.00%

**CITY OF DUBUQUE, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -- PENSION LIABILITY**  
**MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA**  
**YEAR ENDED JUNE 30, 2019**

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*Changes of benefit terms:*

There were no significant changes of benefit terms.

*Changes of assumptions*

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for post retirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for post retirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF CHANGES IN**  
**TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES**  
**LAST TWO FISCAL YEARS**

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	2019	2018
Service Cost	\$ 296,597	\$ 277,469
Interest Cost	172,576	172,219
Changes in assumptions	85,951	138,371
Other Changes	2,582	58,589
Benefit payments	(452,573)	(474,856)
Net change in total OPEB Liability	105,133	171,792
Total OPEB liability beginning of year	6,016,233	5,844,441
Total OPEB liability end of year	\$ 6,121,366	\$ 6,016,233
Covered-employee payroll	\$ 39,626,000	\$ 39,782,000
Total OPEB liability as a percentage of covered-employee payroll	15.45%	15.12%

**Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Change in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate, health care trend rates and other changes.

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a 10-year trend is completed, the City will present information for those years for which information is available.

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# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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

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

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

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

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

**Cable TV Fund** – This fund is used to account for the monies and related costs as set forth in the cable franchise agreement between the City of Dubuque and the cable franchisee.

**Library Expendable Gifts Trust** – This fund is used to account for contributions given to the library to be spent for specific purposes.

**IFA Housing Trust** – This fund is used to account for funds received under the Iowa Finance Authority State Housing Trust Fund Program.

**Police Expendable Gifts Fund** – This fund is used to account for contributions given to the police department to be spent for specific purposes.

**Veteran's Memorial** - This fund is used to account for contributions given to the Veteran's Memorial for specific purposes and for maintainance.

# NONMAJOR GOVERNMENTAL FUNDS

## CAPITAL PROJECTS FUNDS

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

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

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

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

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

## PERMANENT FUNDS

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

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

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

**CITY OF DUBUQUE, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	Special Revenue Funds			
	Road Use Tax	Section VIII Housing	Employee Benefits	Special Assessments
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 4,535,294	\$ 458,748	\$ 25,942	\$ -
Receivables				
Property tax				
Delinquent	-	-	26,233	-
Succeeding year	-	-	3,422,700	-
Accounts and other	3,730	74,121	-	-
Special assessments	-	-	-	775,390
Accrued interest	-	1,434	-	-
Notes	-	-	-	-
Intergovernmental	594,972	4,617	-	-
Inventories	301,495	-	-	-
Prepaid items	743	11,373	-	-
Restricted cash and pooled cash investments	-	200,556	-	-
Total Assets	<u>\$ 5,436,234</u>	<u>\$ 750,849</u>	<u>\$ 3,474,875</u>	<u>\$ 775,390</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 546,214	\$ 176,023	\$ -	\$ -
Accrued payroll	58,680	23,441	-	-
Intergovernmental payable	-	2,499	-	-
Total Liabilities	<u>604,894</u>	<u>201,963</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues				
Succeeding year property tax	-	-	3,422,700	-
Special assessments	-	-	-	740,272
Grants	-	-	-	-
Other	3,730	-	6,598	-
Total Deferred Inflows of Resources	<u>3,730</u>	<u>-</u>	<u>3,429,298</u>	<u>740,272</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Endowment corpus	-	-	-	-
Inventory	301,495	-	-	-
Prepaid items	743	11,373	-	-
Restricted:				
Endowments	-	-	-	-
Library	-	-	-	-
Police	-	-	-	-
Veterans	-	-	-	-
Capital improvements	4,525,372	-	-	-
Franchise agreement	-	-	-	-
Special assessments	-	-	-	35,118
Iowa Finance Authority Trust	-	-	-	-
Community programs	-	537,513	-	-
Employee benefits	-	-	45,577	-
Committed, capital improvements	-	-	-	-
Total Fund Balances	<u>4,827,610</u>	<u>548,886</u>	<u>45,577</u>	<u>35,118</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,436,234</u>	<u>\$ 750,849</u>	<u>\$ 3,474,875</u>	<u>\$ 775,390</u>



Special Revenue Funds				Capital Projects Funds		
Cable TV	Library Expendable Gifts Trust	Police Expendable Gifts Trust	Veteran's Memorial	IFA Housing Trust	Airport Construction	General Construction
\$ 499,375	\$ 1,159,919	\$ 7,026	\$ 143,442	\$ 301,481	\$ 464,593	\$ 2,211,874
-	-	-	-	-	-	-
-	-	-	-	-	-	-
144,940	-	-	-	-	-	-
-	-	-	-	-	-	-
1,786	3,230	19	-	-	1,294	542
-	-	-	-	266,377	-	17,522
-	-	-	-	-	78,555	-
-	-	-	-	-	-	-
7,947	-	-	-	-	-	-
-	-	-	-	-	1,249,203	1,244,413
<u>\$ 654,048</u>	<u>\$ 1,163,149</u>	<u>\$ 7,045</u>	<u>\$ 143,442</u>	<u>\$ 567,858</u>	<u>\$ 1,793,645</u>	<u>\$ 3,474,351</u>
\$ 2,463	\$ 1,610	\$ -	\$ -	\$ 25,634	\$ 88,205	\$ 101,578
13,258	1,125	-	-	-	-	-
-	-	-	-	-	-	-
<u>15,721</u>	<u>2,735</u>	<u>-</u>	<u>-</u>	<u>25,634</u>	<u>88,205</u>	<u>101,578</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	78,555	-
-	-	-	-	-	-	6,446
-	-	-	-	-	78,555	6,446
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,947	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,160,414	-	-	-	-	-
-	-	7,045	-	-	-	-
-	-	-	143,442	-	-	-
-	-	-	-	-	1,626,885	3,366,327
630,380	-	-	-	-	-	-
-	-	-	-	542,224	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>638,327</u>	<u>1,160,414</u>	<u>7,045</u>	<u>143,442</u>	<u>542,224</u>	<u>1,626,885</u>	<u>3,366,327</u>
<u>\$ 654,048</u>	<u>\$ 1,163,149</u>	<u>\$ 7,045</u>	<u>\$ 143,442</u>	<u>\$ 567,858</u>	<u>\$ 1,793,645</u>	<u>\$ 3,474,351</u>

(Continued)

**CITY OF DUBUQUE, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

**EXHIBIT A-1 (CONTINUED)**

	Capital Projects Funds		Permanent Funds		Total Nonmajor Governmental Funds
	Sales Tax Construction	Street Construction	Ella Lyons Peony Trail Trust	Library Gifts Trust	
<b>ASSETS</b>					
Cash and pooled cash investments	\$ 600,569	\$ 2,145,905	\$ -	\$ -	\$ 12,554,168
Receivables					
Property tax					
Delinquent	-	-	-	-	26,233
Succeeding year	-	-	-	-	3,422,700
Accounts and other	-	66,003	-	-	288,794
Special assessments	-	-	-	-	775,390
Accrued interest	10,471	5,976	167	54	24,973
Notes	657,518	-	-	-	941,417
Intergovernmental	142,011	1,454,579	-	-	2,274,734
Inventories	-	-	-	-	301,495
Prepaid items	-	340	-	-	20,403
Restricted cash and pooled cash investments	4,033,459	-	158,192	19,241	6,905,064
Total Assets	<u>\$ 5,444,028</u>	<u>\$ 3,672,803</u>	<u>\$ 158,359</u>	<u>\$ 19,295</u>	<u>\$ 27,535,371</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 151,203	\$ 822,817	\$ -	\$ -	\$ 1,915,747
Accrued payroll	-	-	-	-	96,504
Intergovernmental payable	-	-	-	-	2,499
Total Liabilities	<u>151,203</u>	<u>822,817</u>	<u>-</u>	<u>-</u>	<u>2,014,750</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues					
Succeeding year property tax	-	-	-	-	3,422,700
Special assessments	-	-	-	-	740,272
Grants	-	1,095,711	-	-	1,174,266
Other	-	4,190	-	-	20,964
Total Deferred Inflows of Resources	<u>-</u>	<u>1,099,901</u>	<u>-</u>	<u>-</u>	<u>5,358,202</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Endowment corpus	-	-	57,412	12,000	69,412
Inventory	-	-	-	-	301,495
Prepaid items	-	340	-	-	20,403
Restricted:					
Endowments	-	-	100,947	7,295	108,242
Library	-	-	-	-	1,160,414
Police	-	-	-	-	7,045
Veterans	-	-	-	-	143,442
Capital improvements	4,033,459	-	-	-	13,552,043
Franchise agreement	-	-	-	-	630,380
Special assessments	-	-	-	-	35,118
Iowa Finance Authority Trust	-	-	-	-	542,224
Community programs	-	-	-	-	537,513
Employee benefits	-	-	-	-	45,577
Committed, capital improvements	1,259,366	1,749,745	-	-	3,009,111
Total Fund Balances	<u>5,292,825</u>	<u>1,750,085</u>	<u>158,359</u>	<u>19,295</u>	<u>20,162,419</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,444,028</u>	<u>\$ 3,672,803</u>	<u>\$ 158,359</u>	<u>\$ 19,295</u>	<u>\$ 27,535,371</u>

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**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			
	Road Use Tax	Section VIII Housing	Employee Benefits	Special Assessments
REVENUES				
Taxes	\$ -	\$ -	\$ 4,211,912	\$ -
Special assessments	-	-	-	107,255
Intergovernmental	7,484,694	5,398,025	-	-
Charges for services	-	-	-	-
Investment earnings	-	11,607	-	35,348
Contributions	-	182	-	-
Miscellaneous	36,509	45,626	-	4,618
Total Revenues	<u>7,521,203</u>	<u>5,455,440</u>	<u>4,211,912</u>	<u>147,221</u>
EXPENDITURES				
Governmental activities				
Current				
Public safety	-	-	-	-
Public works	6,528,309	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	5,614,840	-	-
General government	1,956	-	230	-
Debt service				
Interest and fiscal charges	400	-	-	-
Capital projects	<u>928,846</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>7,459,511</u>	<u>5,614,840</u>	<u>230</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>61,692</u>	<u>(159,400)</u>	<u>4,211,682</u>	<u>147,221</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Premium on bonds	-	-	-	-
Transfers in	-	184,681	-	-
Transfers out	(1,154,318)	-	(4,190,790)	(140,253)
Insurance recovery	-	-	-	-
Sale of capital assets	<u>43,306</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,111,012)</u>	<u>184,681</u>	<u>(4,190,790)</u>	<u>(140,253)</u>
NET CHANGE IN FUND BALANCES	(1,049,320)	25,281	20,892	6,968
FUND BALANCES, BEGINNING	<u>5,876,930</u>	<u>523,605</u>	<u>24,685</u>	<u>28,150</u>
FUND BALANCES, ENDING	<u>\$ 4,827,610</u>	<u>\$ 548,886</u>	<u>\$ 45,577</u>	<u>\$ 35,118</u>

Special Revenue Funds				Capital Projects Funds		
Cable TV	Library Expendable Gifts Trust	Police Expendable Gifts Trust	Veteran's Memorial	IFA Housing Trust	Airport Construction	General Construction
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	103,229	255,210	12,805
-	7,013	-	-	-	226,267	-
11,998	26,782	167	2,848	-	25,052	24,190
-	467	4,200	14,220	-	-	11,656
579,059	105,084	-	-	-	-	36,032
<u>591,057</u>	<u>139,346</u>	<u>4,367</u>	<u>17,068</u>	<u>103,229</u>	<u>506,529</u>	<u>84,683</u>
-	-	5,930	-	-	-	-
-	-	-	-	-	-	-
-	133,762	-	11,774	-	-	-
-	-	-	-	99,380	-	-
556,733	-	-	-	-	-	-
2,500	-	-	-	-	-	56,162
-	-	-	-	-	383,369	2,381,736
<u>559,233</u>	<u>133,762</u>	<u>5,930</u>	<u>11,774</u>	<u>99,380</u>	<u>383,369</u>	<u>2,437,898</u>
31,824	5,584	(1,563)	5,294	3,849	123,160	(2,353,215)
-	-	-	-	-	-	1,575,000
-	-	-	-	-	-	44,544
-	-	-	-	50,000	156,552	1,534,648
-	-	-	-	-	(202,034)	(385,930)
-	-	-	-	-	-	-
-	-	-	-	-	-	728
-	-	-	-	50,000	(45,482)	2,768,990
31,824	5,584	(1,563)	5,294	53,849	77,678	415,775
<u>606,503</u>	<u>1,154,830</u>	<u>8,608</u>	<u>138,148</u>	<u>488,375</u>	<u>1,549,207</u>	<u>2,950,552</u>
<u>\$ 638,327</u>	<u>\$ 1,160,414</u>	<u>\$ 7,045</u>	<u>\$ 143,442</u>	<u>\$ 542,224</u>	<u>\$ 1,626,885</u>	<u>\$ 3,366,327</u>

(Continued)

**CITY OF DUBUQUE, IOWA  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT A-2 (CONTINUED)**

	Capital Projects Funds		Permanent Funds		Total Nonmajor Governmental Funds
	Sales Tax Construction	Street Construction	Ella Lyons Peony Trail Trust	Library Gifts Trust	
REVENUES					
Taxes	\$ 1,788,022	\$ 2,682,033	\$ -	\$ -	\$ 8,681,967
Special assessments	-	-	-	-	107,255
Intergovernmental	-	5,045,052	-	-	18,299,015
Charges for services	-	20,655	-	-	253,935
Investment earnings	76,156	27,452	14,296	442	256,338
Contributions	270,625	46,365	-	-	347,715
Miscellaneous	7,856	21,576	-	64	836,424
Total Revenues	2,142,659	7,843,133	14,296	506	28,782,649
EXPENDITURES					
Governmental activities					
Current					
Public safety	-	-	-	-	5,930
Public works	-	-	-	-	6,528,309
Culture and recreation	-	-	1,811	-	147,347
Community and economic development	-	-	-	-	5,714,220
General government	-	-	-	-	558,919
Debt service					
Interest and fiscal charges	39,473	612	-	-	99,147
Capital projects	1,677,588	7,927,510	-	-	13,299,049
Total Expenditures	1,717,061	7,928,122	1,811	-	26,352,921
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	425,598	(84,989)	12,485	506	2,429,728
OTHER FINANCING SOURCES (USES)					
Issuance of debt	1,308,875	-	-	-	2,883,875
Premium on bonds	37,149	-	-	-	81,693
Transfers in	4,343	1,528,236	-	-	3,458,460
Transfers out	(619,795)	(296,201)	-	-	(6,989,321)
Insurance recovery	-	79,340	-	-	79,340
Sale of capital assets	-	-	-	-	44,034
Total Other Financing Sources (Uses)	730,572	1,311,375	-	-	(441,919)
NET CHANGE IN FUND BALANCES	1,156,170	1,226,386	12,485	506	1,987,809
FUND BALANCES, BEGINNING	4,136,655	523,699	145,874	18,789	18,174,610
FUND BALANCES, ENDING	\$ 5,292,825	\$ 1,750,085	\$ 158,359	\$ 19,295	\$ 20,162,419

# NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2019**

**EXHIBIT B-1**

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and pooled cash investments	\$ 897,298	\$ 782,017	\$ 21,940	\$ 365	\$ 1,701,620
Receivables					
Accounts	397,764	2,585	-	-	400,349
Intergovernmental	-	1,176,587	-	-	1,176,587
Prepaid items	-	12,169	-	-	12,169
Total Current Assets	1,295,062	1,973,358	21,940	365	3,290,725
<b>NONCURRENT ASSETS</b>					
Capital assets					
Land	-	36,000	-	-	36,000
Buildings	-	13,591,053	175,458	-	13,766,511
Improvements to other than buildings	-	796,092	686,312	-	1,482,404
Machinery and equipment	2,770,443	6,806,132	36,342	-	9,612,917
Accumulated depreciation	(1,856,963)	(6,717,068)	(149,941)	-	(8,723,972)
Net Capital Assets	913,480	14,512,209	748,171	-	16,173,860
Total Noncurrent Assets	913,480	14,512,209	748,171	-	16,173,860
Total Assets	2,208,542	16,485,567	770,111	365	19,464,585
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related deferred outflows	241,473	353,407	-	-	594,880
OPEB related deferred outflows	9,002	6,617	-	-	15,619
Total Deferred Outflows of Resources	250,475	360,024	-	-	610,499
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	23,034	63,582	-	-	86,616
Accrued payroll	50,796	74,075	-	-	124,871
General obligation bonds payable	5,200	9,268	-	-	14,468
Accrued compensated absences	1,639	4,200	-	-	5,839
Accrued interest payable	2,141	710	-	-	2,851
Total Current Liabilities	82,810	151,835	-	-	234,645
<b>NONCURRENT LIABILITIES</b>					
General obligation bonds payable	67,209	299,987	-	-	367,196
Accrued compensated absences	234,408	18,889	-	-	253,297
Net pension liability	920,551	1,347,266	-	-	2,267,817
Total OPEB liability	234,131	172,087	-	-	406,218
Total Noncurrent Liabilities	1,456,299	1,838,229	-	-	3,294,528
Total Liabilities	1,539,109	1,990,064	-	-	3,529,173
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related deferred inflows	79,148	115,837	-	-	194,985
<b>NET POSITION</b>					
Net investment in capital assets	841,071	14,202,954	748,171	-	15,792,196
Unrestricted	(311)	536,736	21,940	365	558,730
Total Net Position	\$ 840,760	\$ 14,739,690	\$ 770,111	\$ 365	\$ 16,350,926



**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT B-2**

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 4,350,067	\$ 450,077	\$ 174,784	\$ -	\$ 4,974,928
Other	1,361	62,308	-	361	64,030
Total Operating Revenues	<u>4,351,428</u>	<u>512,385</u>	<u>174,784</u>	<u>361</u>	<u>5,038,958</u>
<b>OPERATING EXPENSES</b>					
Employee expense	2,681,581	2,329,870	-	-	5,011,451
Utilities	18,137	75,006	-	-	93,143
Repairs and maintenance	323,540	640,405	939	-	964,884
Supplies and services	896,623	556,239	153,514	19,874	1,626,250
Insurance	21,035	46,039	-	-	67,074
Depreciation	273,008	882,402	27,639	-	1,183,049
Total Operating Expenses	<u>4,213,924</u>	<u>4,529,961</u>	<u>182,092</u>	<u>19,874</u>	<u>8,945,851</u>
<b>OPERATING INCOME (LOSS)</b>	<u>137,504</u>	<u>(4,017,576)</u>	<u>(7,308)</u>	<u>(19,513)</u>	<u>(3,906,893)</u>
<b>NONOPERATING REVENUES</b>					
Intergovernmental	-	1,716,731	-	-	1,716,731
Investment earnings	21,162	-	5	-	21,167
Contributions	-	84,280	-	-	84,280
Interest expense	(1,957)	(3,099)	-	-	(5,056)
Gain on disposal of assets	-	70,000	-	-	70,000
Net Nonoperating Revenues	<u>19,205</u>	<u>1,867,912</u>	<u>5</u>	<u>-</u>	<u>1,887,122</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>156,709</u>	<u>(2,149,664)</u>	<u>(7,303)</u>	<u>(19,513)</u>	<u>(2,019,771)</u>
<b>TRANSFERS IN</b>	-	1,718,006	-	19,874	1,737,880
<b>TRANSFERS OUT</b>	<u>-</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>(21)</u>
<b>CHANGE IN NET POSITION</b>	<u>156,709</u>	<u>(431,679)</u>	<u>(7,303)</u>	<u>361</u>	<u>(281,912)</u>
<b>NET POSITION, BEGINNING</b>	<u>684,051</u>	<u>15,171,369</u>	<u>777,414</u>	<u>4</u>	<u>16,632,838</u>
<b>NET POSITION, ENDING</b>	<u>\$ 840,760</u>	<u>\$ 14,739,690</u>	<u>\$ 770,111</u>	<u>\$ 365</u>	<u>\$ 16,350,926</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	Refuse Collection	Transit System	Salt	America's River Project	Total Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 4,356,805	\$ 450,389	\$ 174,784	\$ -	\$ 4,981,978
Cash payments to suppliers for goods and services	(1,243,761)	(1,341,767)	(154,453)	(19,874)	(2,759,855)
Cash payments to employees for services	(2,699,857)	(2,379,943)	-	-	(5,079,800)
Other operating receipts	1,361	62,308	-	361	64,030
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>414,548</u>	<u>(3,209,013)</u>	<u>20,331</u>	<u>(19,513)</u>	<u>(2,793,647)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from other funds	-	1,718,006	-	19,874	1,737,880
Transfers to other funds	-	(21)	-	-	(21)
Contributions	-	84,280	-	-	84,280
Intergovernmental grant proceeds	-	1,645,638	-	-	1,645,638
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>3,447,903</u>	<u>-</u>	<u>19,874</u>	<u>3,467,777</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from issuance of debt	-	216,125	-	-	216,125
Premium on debt issuance	-	6,112	-	-	6,112
Acquisition and construction of capital assets	(450,302)	(43,761)	-	-	(494,063)
Proceeds from sale of capital assets	-	70,000	-	-	70,000
Principal Paid	(5,158)	(9,268)	-	-	(14,426)
Interest paid	(2,119)	(2,731)	-	-	(4,850)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(457,579)</u>	<u>236,477</u>	<u>-</u>	<u>-</u>	<u>(221,102)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	<u>23,207</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>23,216</u>
<b>NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS</b>	<u>(19,824)</u>	<u>475,367</u>	<u>20,340</u>	<u>361</u>	<u>476,244</u>
<b>CASH AND POOLED INVESTMENTS, BEGINNING</b>	<u>917,122</u>	<u>306,650</u>	<u>1,600</u>	<u>4</u>	<u>1,225,376</u>
<b>CASH AND POOLED INVESTMENTS, ENDING</b>	<u>\$ 897,298</u>	<u>782,017</u>	<u>\$ 21,940</u>	<u>\$ 365</u>	<u>\$ 1,701,620</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2019**

**EXHIBIT B-3**

	Business-type Activities - Enterprise Funds				
	Refuse Collection	Transit	Salt	America's River Project	Total Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ 137,504	\$ (4,017,576)	\$ (7,308)	\$ (19,513)	\$ (3,906,893)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	273,008	882,402	27,639	-	1,183,049
Change in assets and liabilities					
Decrease in receivables	6,738	312	-	-	7,050
(Increase) in inventories and prepaid items	-	(791)	-	-	(791)
Increase (Decrease) in accounts payable	15,574	(23,287)	-	-	(7,713)
(Decrease) in accrued liabilities	(3,966)	(5,210)	-	-	(9,176)
(Decrease) in net pension liability	(64,792)	(243,489)	-	-	(308,281)
Decrease in deferred outflows	36,469	96,609	-	-	133,078
Increase in deferred inflows	25,124	28,619	-	-	53,743
Increase (Decrease) in total OPEB liability	(11,111)	73,398	-	-	62,287
Total Adjustments	277,044	808,563	27,639	-	1,113,246
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 414,548	\$ (3,209,013)	\$ 20,331	\$ (19,513)	\$ (2,793,647)

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# INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the government and to other government units, on a cost-reimbursement basis.

**General Service Fund** - This fund is used to account for engineering, street, and general services supplied to other departments.

**Garage Service Fund** - This fund is used to account for maintenance and repair services for the City's automotive equipment.

**Stores/Printing Fund** - This fund is used to account for printing, supplies, and other services provided to other departments.

**Health Insurance Reserve Fund** - This fund is used to account for health insurance costs.

**Workers' Compensation Reserve Fund** - This fund is used to account for workers' compensation costs.

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2019**

	General Service	Garage Service	Stores/ Printing
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash investments	\$ -	\$ 448,010	\$ 633
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	66,492	9,582
Total Current Assets	-	514,502	10,215
<b>NONCURRENT ASSETS</b>			
Capital assets			
Machinery and equipment	-	356,590	-
Accumulated depreciation	-	(222,266)	-
Net Capital Assets	-	134,324	-
Total Noncurrent Assets	-	134,324	-
Total Assets	-	648,826	10,215
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	241,214	141,617	-
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	-	78,073	7,432
Accrued payroll	-	27,923	-
Total Current Liabilities	-	105,996	7,432
<b>NONCURRENT LIABILITIES</b>			
Net pension liability	919,569	539,883	-
Total Noncurrent Liabilities	919,569	539,883	-
Total Liabilities	919,569	645,879	7,432
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows	79,064	46,418	-
<b>NET POSITION</b>			
Net investment in capital assets	-	134,324	-
Unrestricted	(757,419)	(36,178)	2,783
Total Net Position (Deficit)	\$ (757,419)	\$ 98,146	\$ 2,783

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 5,526,163	\$ 1,611,073	\$ 7,585,879
227,889	-	227,889
15,390	4,487	19,877
-	-	76,074
5,769,442	1,615,560	7,909,719
-	-	356,590
-	-	(222,266)
-	-	134,324
-	-	134,324
5,769,442	1,615,560	8,044,043
-	-	382,831
975,946	1,023,090	2,084,541
-	-	27,923
975,946	1,023,090	2,112,464
-	-	1,459,452
-	-	1,459,452
975,946	1,023,090	3,571,916
-	-	125,482
-	-	134,324
4,793,496	592,470	4,595,152
\$ 4,793,496	\$ 592,470	\$ 4,729,476

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICITS)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Service	Garage Service	Stores/ Printing
OPERATING REVENUES			
Charges for sales and services	\$ 1,420,518	\$ 2,321,484	\$ 555,623
Other	-	33,074	-
Total Operating Revenues	1,420,518	2,354,558	555,623
OPERATING EXPENSES			
Employee expense	1,296,453	1,005,687	-
Utilities	-	26,191	7,089
Repairs and maintenance	-	96,731	-
Supplies and services	-	1,095,232	548,960
Insurance	-	15,568	-
Depreciation	-	40,781	-
Total Operating Expenses	1,296,453	2,280,190	556,049
OPERATING INCOME (LOSS)	124,065	74,368	(426)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	173	-
Investment earnings	-	-	-
Gain on disposal of assets	-	5,055	-
CHANGE IN NET POSITION	124,065	79,596	(426)
NET POSITION (DEFICIT), BEGINNING	(881,484)	18,550	3,209
NET POSITION (DEFICIT), ENDING	<u>\$ (757,419)</u>	<u>\$ 98,146</u>	<u>\$ 2,783</u>



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Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 10,542,427	\$ 907,865	\$ 15,747,917
5,654	29,796	68,524
<u>10,548,081</u>	<u>937,661</u>	<u>15,816,441</u>
-	-	2,302,140
-	-	33,280
-	-	96,731
9,637,510	693,551	11,975,253
-	59,850	75,418
-	-	40,781
<u>9,637,510</u>	<u>753,401</u>	<u>14,523,603</u>
910,571	184,260	1,292,838
-	-	173
118,748	37,882	156,630
-	-	5,055
<u>1,029,319</u>	<u>222,142</u>	<u>1,454,696</u>
<u>3,764,177</u>	<u>370,328</u>	<u>3,274,780</u>
<u>\$ 4,793,496</u>	<u>\$ 592,470</u>	<u>\$ 4,729,476</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,420,518	\$ 2,321,484	\$ 555,623
Cash payments to suppliers for goods and services	-	(1,218,045)	(557,942)
Cash payments to employees for services	(1,392,720)	(1,010,466)	-
Other operating receipts	-	33,074	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	27,798	126,047	(2,319)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments of interfund balances	(27,798)	-	-
NET CASH (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(27,798)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(16,600)	-
Intergovernmental grant proceeds	-	173	-
Proceeds from sale of capital assets	-	5,055	-
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	-	(11,372)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	-	114,675	(2,319)
CASH AND POOLED INVESTMENTS, BEGINNING	-	333,335	2,952
CASH AND POOLED INVESTMENTS, ENDING	\$ -	\$ 448,010	\$ 633
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income	\$ 124,065	\$ 74,368	\$ (426)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities			
Depreciation	-	40,781	-
Change in assets and liabilities			
(Increase) in receivables	-	-	-
(Increase) Decrease in inventories and prepaid items	-	(3,569)	(4,147)
Increase in accounts payable	-	19,246	2,254
(Decrease) in net pension liability	(188,282)	(42,214)	-
Decrease in deferred outflows	73,692	23,843	-
Increase in deferred inflows	18,323	14,503	-
(Decrease) in accrued liabilities	-	(911)	-
Total Adjustments	(96,267)	51,679	(1,893)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 27,798	\$ 126,047	\$ (2,319)

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 10,477,274	\$ 907,865	\$ 15,682,764
(9,161,398)	(712,760)	(11,650,145)
-	-	(2,403,186)
5,654	29,796	68,524
<u>1,321,530</u>	<u>224,901</u>	<u>1,697,957</u>
-	-	(27,798)
-	-	(27,798)
-	-	(16,600)
-	-	173
-	-	5,055
-	-	(11,372)
<u>112,483</u>	<u>36,405</u>	<u>148,888</u>
1,434,013	261,306	1,807,675
4,092,150	1,349,767	5,778,204
<u>\$ 5,526,163</u>	<u>\$ 1,611,073</u>	<u>\$ 7,585,879</u>
\$ 910,571	\$ 184,260	\$ 1,292,838
-	-	40,781
(65,153)	-	(65,153)
-	14,238	6,522
476,112	26,403	524,015
-	-	(230,496)
-	-	97,535
-	-	32,826
-	-	(911)
<u>410,959</u>	<u>40,641</u>	<u>405,119</u>
<u>\$ 1,321,530</u>	<u>\$ 224,901</u>	<u>\$ 1,697,957</u>

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# AGENCY FUNDS

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

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

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

**Flexsteel Decomission Fund** – This fund is used to account for the resources held for the decomissioning of the prior Flexsteel site.

**CITY OF DUBUQUE, IOWA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT D-1**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>CABLE EQUIPMENT FUND</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 650,012	\$ 201,308	\$ 103,896	\$ 747,424
Prepays	21,246	12,054	21,246	12,054
Accounts receivable	49,207	50,729	49,207	50,729
Total Assets	<u>\$ 720,465</u>	<u>\$ 264,091</u>	<u>\$ 174,349</u>	<u>\$ 810,207</u>
<b>LIABILITIES</b>				
Due to other agency	\$ 720,465	\$ 264,091	\$ 174,349	\$ 810,207
Total Liabilities	<u>\$ 720,465</u>	<u>\$ 264,091</u>	<u>\$ 174,349</u>	<u>\$ 810,207</u>
<b>DOG TRACK DEPRECIATION FUND</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 945,469	\$ 142,306	\$ 75,046	\$ 1,012,729
Accrued interest	2,108	2,820	2,108	2,820
Total Assets	<u>\$ 947,577</u>	<u>\$ 145,126</u>	<u>\$ 77,154</u>	<u>\$ 1,015,549</u>
<b>LIABILITIES</b>				
Due to other agency	<u>\$ 947,577</u>	<u>\$ 145,126</u>	<u>\$ 77,154</u>	<u>\$ 1,015,549</u>
<b>FLEXSTEEL DECOMMISSION FUND</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 665,839	\$ 300,000	\$ -	\$ 965,839
Notes receivable	2,000,000	-	300,000	1,700,000
Total Assets	<u>\$ 2,665,839</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 2,665,839</u>
<b>LIABILITIES</b>				
Due to other agency	\$ 2,665,839	\$ -	\$ -	\$ 2,665,839
Total Liabilities	<u>\$ 2,665,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,665,839</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and pooled cash investments	\$ 2,261,320	\$ 643,614	\$ 178,942	\$ 2,725,992
Prepays	21,246	12,054	21,246	12,054
Accounts receivable	49,207	50,729	49,207	50,729
Notes receivable	2,000,000	-	300,000	1,700,000
Accrued interest	2,108	2,820	2,108	2,820
Total Assets	<u>\$ 4,333,881</u>	<u>\$ 709,217</u>	<u>\$ 551,503</u>	<u>\$ 4,491,595</u>
<b>LIABILITIES</b>				
Due to other agency	4,333,881	409,217	251,503	4,491,595
Total Liabilities	<u>\$ 4,333,881</u>	<u>\$ 409,217</u>	<u>\$ 251,503</u>	<u>\$ 4,491,595</u>

**Statistical Section (Unaudited)**  
**June 30, 2019**  
**City of Dubuque, Iowa**

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# CITY OF DUBUQUE, IOWA

## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	160
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	164
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	175
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	178

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

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

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

TABLE 1

Year				
2015	2016	2017	2018	2019
\$ 348,173,267	\$ 369,244,904	\$ 375,578,520	\$ 379,040,697	\$ 385,005,220
22,047,405	21,473,309	23,955,112	27,269,997	28,321,603
(49,579,334)	(47,166,839)	(43,921,629)	(41,853,174)	(36,682,314)
<u>\$ 320,641,338</u>	<u>\$ 343,551,374</u>	<u>\$ 355,612,003</u>	<u>\$ 364,457,520</u>	<u>\$ 376,644,509</u>
\$ 148,487,126	\$ 161,326,743	\$ 164,448,390	\$ 168,205,523	\$ 179,561,228
7,796,668	4,254,907	3,796,752	3,053,616	3,131,716
(4,568,933)	(7,339,071)	3,876,760	10,696,792	12,617,567
<u>\$ 151,714,861</u>	<u>\$ 158,242,579</u>	<u>\$ 172,121,902</u>	<u>\$ 181,955,931</u>	<u>\$ 195,310,511</u>
\$ 496,660,393	\$ 530,571,647	\$ 540,026,910	\$ 547,246,220	\$ 564,566,448
29,844,073	25,728,216	27,751,864	30,323,613	31,453,319
(54,148,267)	(54,505,910)	(40,044,869)	(31,156,382)	(24,064,747)
<u>\$ 472,356,199</u>	<u>\$ 501,793,953</u>	<u>\$ 527,733,905</u>	<u>\$ 546,413,451</u>	<u>\$ 571,955,020</u>

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

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

TABLE 2

Year					
	2015	2016	2017	2018	2019
\$	25,525,937	\$ 26,851,624	\$ 30,020,343	\$ 29,482,962	\$ 29,637,417
	19,207,837	24,323,023	19,608,137	20,393,871	24,835,035
	928,968	967,936	815,251	883,217	1,442,658
	13,002,690	12,993,331	13,653,509	14,323,710	12,916,646
	18,064,831	15,464,781	18,096,170	21,109,384	15,837,039
	6,420,173	4,101,423	8,982,668	7,573,081	5,944,116
	3,903,667	2,963,134	3,467,685	3,129,502	3,387,730
	87,054,103	87,665,252	94,643,763	96,895,727	94,000,641
	12,019,866	12,817,669	11,326,661	11,614,347	12,177,352
	7,800,393	6,483,229	6,807,217	7,109,421	7,892,423
	4,131,562	5,021,523	6,234,015	6,159,039	7,025,525
	3,383,419	3,420,296	3,547,856	2,866,510	2,850,531
	24,000	21,521	22,893	10,143	19,874
	3,740,404	3,968,761	4,208,268	4,244,551	4,215,881
	4,245,823	4,274,967	4,237,054	4,722,979	4,533,060
	244,691	181,617	45,039	119,421	182,092
	35,590,158	36,189,583	36,429,003	36,846,411	38,896,738
\$	122,644,261	\$ 123,854,835	\$ 131,072,766	\$ 133,742,138	\$ 132,897,379
	2,532,114	2,713,065	2,930,068	2,600,751	2,535,504
	6,092,356	5,765,075	5,681,107	6,654,101	7,327,692
	2,547,843	2,723,270	2,767,636	2,874,493	2,459,644
	3,493,143	3,887,056	3,541,205	5,864,541	3,815,321
	11,992,439	15,301,219	15,028,527	21,569,356	23,198,271
	9,704,043	18,667,619	13,360,280	7,779,713	11,048,200
	36,361,938	49,057,304	43,308,823	47,342,955	50,384,632
	10,582,662	12,158,439	12,442,584	12,659,662	12,479,684
	7,463,430	8,406,928	8,553,225	8,906,136	8,959,023
	3,490,040	3,754,148	4,076,396	4,367,963	4,714,670
	3,036,214	3,247,383	3,286,947	3,034,744	3,066,118
	-	1,605	4	4	-
	3,783,493	3,857,340	4,185,051	4,232,542	4,351,428
	397,545	463,688	459,258	465,550	512,385
	232,271	81,720	86,887	96,273	174,784
	1,866,535	1,648,077	1,700,171	1,648,403	1,917,366
	10,020,715	7,607,721	14,160,820	5,705,262	6,215,459
	40,872,905	41,227,049	48,951,343	41,116,539	42,390,917
\$	77,234,843	\$ 90,284,353	\$ 92,260,166	\$ 88,459,494	\$ 92,775,549

(Continued)

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

	Fiscal -				
	2010	2011	2012	2013	2014
Net (Expense)/Revenue					
Governmental activities	\$ (40,395,764)	\$ (29,722,923)	\$ (41,503,811)	\$ (54,441,708)	\$ (51,879,637)
Business-type activities	(372,475)	2,746,810	539,985	(979,144)	(3,065,070)
Total primary government net expense	<u>\$ (40,768,239)</u>	<u>\$ (26,976,113)</u>	<u>\$ (40,963,826)</u>	<u>\$ (55,420,852)</u>	<u>\$ (54,944,707)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
General Revenues					
Property taxes	\$ 24,876,073	\$ 28,249,114	\$ 30,816,614	\$ 32,668,554	\$ 33,264,283
Local option sales tax	8,112,471	7,929,761	8,459,888	8,764,787	8,211,366
Hotel/motel tax	1,678,806	1,826,809	1,903,944	1,953,763	2,006,514
Utility franchise fees	1,591,712	2,488,858	2,272,481	2,568,347	2,609,421
Gaming	8,209,761	13,327,223	8,785,453	8,452,298	7,878,008
Unrestricted investment earnings	1,339,709	668,363	1,529,149	201,153	777,958
Gain on sale of capital assets	-	149,937	1,417,048	907,122	483,782
Other	880,930	622,494	-	-	-
Transfers	(3,104,762)	(1,211,263)	(4,749,948)	(1,092,236)	(2,444,846)
Total governmental activities	<u>43,584,700</u>	<u>54,051,296</u>	<u>50,434,629</u>	<u>54,423,788</u>	<u>52,786,486</u>
Business-type activities:					
General Revenues					
Unrestricted investment earnings	294,562	184,581	206,672	65,321	135,461
Gain on sale of capital assets	23,699	19,337	84,178	384,697	180,229
Extraordinary item	-	(2,253,036)	(243,722)	(555,031)	-
Transfers	3,104,762	1,211,263	4,749,948	1,092,236	2,444,846
Total business-type activities	<u>3,423,023</u>	<u>(837,855)</u>	<u>4,797,076</u>	<u>987,253</u>	<u>2,760,536</u>
Total primary government	<u>\$ 47,007,723</u>	<u>\$ 53,213,441</u>	<u>\$ 55,231,705</u>	<u>\$ 55,411,041</u>	<u>\$ 55,547,022</u>
Change in Net Position					
Governmental activities	\$ 3,188,936	\$ 24,328,373	\$ 8,930,818	\$ (17,920)	\$ 906,849
Business-type activities	3,050,548	1,908,955	5,337,061	8,109	(304,534)
Total primary government	<u>\$ 6,239,484</u>	<u>\$ 26,237,328</u>	<u>\$ 14,267,879</u>	<u>\$ (9,811)</u>	<u>\$ 602,315</u>

**TABLE 2**  
**(continued)**

Year				
2015	2016	2017	2018	2019
\$ (50,692,165)	\$ (38,607,948)	\$ (51,334,940)	\$ (49,552,772)	\$ (43,616,009)
5,282,747	5,037,466	12,522,340	4,270,124	3,494,540
<u>\$ (45,409,418)</u>	<u>\$ (33,570,482)</u>	<u>\$ (38,812,600)</u>	<u>\$ (45,282,648)</u>	<u>\$ (40,121,469)</u>
\$ 36,277,719	\$ 36,518,506	\$ 39,678,473	\$ 39,632,246	\$ 37,973,888
8,760,246	9,155,411	8,890,046	8,610,948	8,940,109
2,623,551	2,128,042	2,821,745	2,286,469	2,113,273
2,828,688	4,360,107	4,558,847	4,832,958	5,072,350
7,397,709	8,440,161	8,098,324	8,062,251	8,730,986
668,134	1,082,165	335,577	688,769	1,858,476
19,495	813,492	83,720	309,857	94,980
-	-	-	-	-
(7,288,593)	(979,900)	(1,071,163)	(5,423,015)	(8,981,064)
<u>51,286,949</u>	<u>61,517,984</u>	<u>63,395,569</u>	<u>59,000,483</u>	<u>55,802,998</u>
185,356	407,528	231,746	268,283	798,497
6,571	102,824	54,074	4,680	80,479
-	-	-	-	-
7,288,593	979,900	1,071,163	5,423,015	8,981,064
<u>7,480,520</u>	<u>1,490,252</u>	<u>1,356,983</u>	<u>5,695,978</u>	<u>9,860,040</u>
<u>\$ 58,767,469</u>	<u>\$ 63,008,236</u>	<u>\$ 64,752,552</u>	<u>\$ 64,696,461</u>	<u>\$ 65,663,038</u>
\$ 594,784	\$ 22,910,036	\$ 12,060,629	\$ 9,447,711	\$ 12,186,989
12,763,267	6,527,718	13,879,323	9,966,102	13,354,580
<u>\$ 13,358,051</u>	<u>\$ 29,437,754</u>	<u>\$ 25,939,952</u>	<u>\$ 19,413,813</u>	<u>\$ 25,541,569</u>

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

	Fiscal -				
	2010	2011*	2012	2013	2014
General Fund					
Reserved	\$ 5,199,760	\$ -	\$ -		\$ -
Unreserved	8,622,705	-	-		-
Nonspendable	-	868,631	5,613,359	6,646,278	6,549,063
Restricted	-	-	-	-	-
Assigned	-	8,904,490	5,549,803	3,434,440	1,904,805
Unassigned	-	6,139,306	9,371,016	8,806,171	7,356,066
Total general fund	<u>\$ 13,822,465</u>	<u>\$ 15,912,427</u>	<u>\$ 20,534,178</u>	<u>\$ 18,886,889</u>	<u>\$ 15,809,934</u>
All Other Governmental Funds					
Reserved	\$ 24,404,656	\$ -	\$ -		\$ -
Unreserved, reported in:					
Special revenue funds	4,011,022	-	-		-
Debt service fund	-	-	-		-
Capital projects funds	(989,025)	-	-		-
Permanent funds	33,273	-	-		-
Nonspendable	-	10,320,305	10,975,468	9,092,520	8,640,780
Restricted	-	18,010,570	31,362,126	30,738,046	23,620,615
Committed	-	5,203,472	5,843,671	10,827,172	10,548,592
Unassigned	-	(377,363)	(429,344)	-	-
Total all other governmental funds	<u>\$ 27,459,926</u>	<u>\$ 33,156,984</u>	<u>\$ 47,751,921</u>	<u>\$ 50,657,738</u>	<u>\$ 42,809,987</u>

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



**TABLE 3**

Year				
2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
6,082,043	6,049,052	5,585,672	5,414,922	5,369,478
		2,208	-	229,995
647,772	1,015,935	1,590,065	1,267,250	1,438,616
8,693,524	10,908,497	12,582,596	15,193,241	19,276,479
			\$	
<u>\$ 15,423,339</u>	<u>\$ 17,973,484</u>	<u>\$ 19,760,541</u>	<u>21,875,413</u>	<u>\$ 26,314,568</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,183,423	553,292	944,856	415,271	406,813
30,496,183	27,450,187	28,103,397	30,347,598	34,367,024
12,298,896	7,635,502	6,592,154	4,660,158	3,009,111
-	-	-	(2,021,937)	(1,185,047)
<u>\$ 43,978,502</u>	<u>\$ 35,638,981</u>	<u>\$ 35,640,407</u>	<u>33,401,090</u>	<u>\$ 36,597,901</u>

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

	Fiscal -				
	2010	2011	2012	2013	2014
<b>Revenues</b>					
Taxes	\$ 36,252,156	\$ 40,428,894	\$ 43,443,669	\$ 45,440,973	\$ 46,034,361
Special assessments	318,178	232,535	596,138	175,486	154,692
Licenses and permits	1,115,472	1,170,922	1,570,022	1,271,771	1,136,941
Intergovernmental	27,310,624	26,171,082	37,574,783	26,580,831	23,050,052
Charges for services	8,063,284	8,723,086	9,296,329	8,952,179	10,264,257
Fines and forfeits	224,601	454,117	525,389	484,128	455,219
Investment earnings	1,348,615	654,587	1,511,437	180,016	756,809
Contributions	2,333,995	1,297,621	1,578,376	370,154	678,561
Gaming	8,209,761	13,327,223	8,785,453	8,452,298	7,878,008
Miscellaneous	2,111,834	2,075,262	1,319,558	1,315,915	1,705,275
Total revenues	87,288,520	94,535,329	106,201,154	93,223,751	92,114,175
<b>Expenditures</b>					
Current					
Public safety	21,979,729	23,950,386	24,476,772	26,506,714	27,644,190
Public works	19,251,625	14,429,415	12,385,929	13,416,108	13,942,772
Health and social services	813,609	1,040,114	828,837	680,466	1,049,194
Culture and recreation	14,909,517	11,279,951	10,873,474	11,218,019	12,351,497
Community and economic development	14,654,816	12,361,176	22,237,140	18,678,496	14,420,980
General government	6,368,308	7,686,929	6,335,947	5,035,108	5,898,293
Debt service					
Principal	2,651,765	2,820,371	3,224,680	3,182,240	4,595,808
Interest	3,145,735	3,321,157	3,220,546	3,991,115	3,650,694
Capital projects	14,831,118	15,102,893	23,459,891	16,636,698	18,779,651
Total expenditures	98,606,222	91,992,392	107,043,216	99,344,964	102,333,079
Excess (deficiency) of revenues over (under) expenditures	(11,317,702)	2,542,937	(842,062)	(6,121,213)	(10,218,904)
<b>Other Financing Sources (Uses)</b>					
Issuance of bonds	4,722,176	6,996,722	27,215,363	6,577,268	-
Discount on bonds	(31,990)	(39,547)	(71,689)	-	-
Premiums on bonds	554,796	1,642	123,990	-	-
Issuance of refunding bonds	8,885,000	705,000	-	4,949,148	-
Payment to refunded bonds escrow agent	(9,405,000)	(690,000)	-	(4,949,148)	-
Transfers in	7,993,297	15,850,523	8,773,387	15,295,630	15,862,516
Transfers out	(10,562,137)	(18,961,892)	(18,336,603)	(16,981,203)	(17,294,762)
Insurance recovery	-	628,482	132,425	49,209	59,796
Sale of capital assets	62,610	753,153	2,221,877	2,438,837	666,648
Total other financing sources (uses)	2,218,752	5,244,083	20,058,750	7,379,741	(705,802)
Net change in fund balances	\$ (9,098,950)	\$ 7,787,020	\$ 19,216,688	1,258,528	\$ (10,924,706)
Debt service as a percentage of noncapital expenditures	7.74%	8.49%	7.65%	8.57%	9.51%

TABLE 4

Year					
	2015	2016	2017	2018	2019
\$	50,490,204	\$ 51,580,084	\$ 55,949,111	\$ 55,362,621	\$ 54,101,901
	85,501	111,193	261,233	122,968	113,178
	1,198,420	1,480,643	1,505,564	1,642,498	1,619,892
	20,828,524	29,302,824	26,314,297	27,229,554	31,359,695
	10,711,243	10,919,854	10,816,025	11,559,017	12,476,036
	362,661	421,925	484,687	407,322	404,400
	668,134	1,082,165	335,577	688,769	1,701,846
	789,268	1,440,405	689,237	816,922	1,343,916
	7,397,709	8,440,161	8,098,324	8,062,251	8,708,702
	1,466,542	1,367,875	1,811,681	1,589,072	1,526,804
	93,998,206	106,147,129	106,265,736	107,480,994	113,356,370
	27,570,773	28,036,551	29,155,128	28,581,466	28,807,920
	11,200,427	14,597,823	11,728,716	11,687,309	12,851,393
	939,172	1,015,987	868,280	854,045	1,046,184
	12,300,454	11,909,029	12,397,294	12,776,591	13,037,048
	16,418,909	13,473,413	16,474,553	20,350,200	15,730,191
	5,977,605	6,436,114	7,287,586	6,755,479	6,571,094
	4,910,735	10,302,412	17,615,698	7,989,850	5,509,605
	3,577,829	3,707,268	3,579,807	3,274,200	3,320,911
	14,829,037	31,504,581	16,260,851	17,402,848	20,145,054
	97,724,941	120,983,178	115,367,913	109,671,988	107,019,400
	(3,726,735)	(14,836,049)	(9,102,177)	(2,190,994)	6,336,970
	11,137,321	3,933,882	230,000	110,000	2,883,875
	72,852	292,521	319,384	16,915	81,693
	-	-	-	-	-
	-	-	11,023,700	1,778,325	-
	-	4,650,000	-	-	-
	18,073,553	17,397,007	18,814,586	18,889,096	17,025,952
	(25,241,795)	(18,376,907)	(19,917,219)	(20,980,391)	(18,876,402)
	106,288	86,359	41,345	98,058	87,843
	360,436	1,063,814	378,861	2,154,546	96,035
	4,508,655	9,046,676	10,890,657	2,066,549	1,298,996
\$	781,920	\$ (5,789,373)	\$ 1,788,480	\$ (124,445)	\$ 7,635,966
	9.97%	15.17%	20.94%	11.96%	9.84%

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

**TABLE 5**

Levy Year	Fiscal Year	Real Property		Exemptions	Total		Total Taxable Value to Total Assessed Value	Total Direct Tax Rate
		Taxable Value	Assessed Value	Real Property	Taxable Value	Assessed Value		
2008	2010	\$ 2,033,135	\$ 3,239,112	\$ 9,246	\$ 2,023,889	\$ 3,239,112	62.48 %	9.85777 %
2009	2011	2,159,622	3,349,823	8,885	2,150,737	3,349,823	64.20	10.02742
2010	2012	2,243,474	3,406,186	8,875	2,234,599	3,406,186	65.60	10.45111
2011	2013	2,337,129	3,476,638	8,872	2,328,257	3,476,638	66.97	10.78478
2012	2014	2,398,151	3,503,774	8,799	2,389,352	3,503,774	68.19	11.02586
2013	2015	2,522,048	3,686,202	8,729	2,513,319	3,686,202	68.18	11.02588
2014	2016	2,508,933	3,723,003	8,631	2,500,302	3,723,003	67.16	11.02590
2015	2017	2,652,700	3,914,425	8,086	2,644,614	3,914,425	67.56	11.16739
2016	2018	2,686,813	3,931,498	7,783	2,679,030	3,931,498	68.14	10.89220
2017	2019	2,765,470	4,141,732	7,921	2,757,549	4,141,732	66.58	10.59725

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

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

**TABLE 6**

Levy Year	Fiscal Year	Dubuque City	Dubuque School District	Board of Education and Independents	Area 1 Voc. Tech	Dubuque County	Total	Ratio of Dubuque City to Total
2008	2010	\$ 9.85777	\$ 16.87918	\$ 0.57970	\$ 0.99471	\$ 6.40435	\$ 34.71571	28.40 %
2009	2011	10.02742	16.88349	0.55740	1.03532	6.50193	35.00556	28.65
2010	2012	10.45111	16.87685	0.67766	1.07379	6.49167	35.57108	29.38
2011	2013	10.78477	15.40388	0.71653	0.98407	6.43124	34.32049	31.42
2012	2014	11.02586	14.60281	0.75274	0.90455	6.43124	33.71720	32.70
2013	2015	11.02588	13.99630	0.66355	0.90807	6.43124	33.02504	33.39
2014	2016	11.02590	14.05629	0.63899	0.91036	6.38779	33.01933	33.39
2015	2017	11.16739	14.97697	0.63146	0.93757	6.29673	34.01012	32.84
2016	2018	10.89220	14.95665	0.62780	1.09993	6.34143	33.91801	32.17
2017	2019	10.58844	14.59791	0.65204	1.09993	5.97760	32.91592	32.11

Separate components of the Dubuque City Rate is as follows:

Levy Year	Fiscal Year	General	Public Transit	Insurance	Employee Benefits	Debt Service	Total
2008	2010	\$ 8.10000	\$ 0.60000	\$ 0.21492	\$ 0.90583	\$ 0.03702	\$ 9.85777
2009	2011	8.10000	0.54469	0.20531	1.12441	0.05300	10.02741
2010	2012	8.10000	0.35273	0.19508	1.75052	0.05278	10.45111
2011	2013	8.10000	0.49516	0.13965	2.02267	0.02729	10.78477
2012	2014	8.10000	0.38382	0.16288	2.33093	0.04823	11.02586
2013	2015	8.10000	0.48268	0.16595	2.23209	0.04516	11.02588
2014	2016	8.10000	0.48461	0.16428	2.16440	0.11261	11.02590
2015	2017	8.10000	0.49739	0.14963	2.30637	0.11400	11.16739
2016	2018	8.10000	0.66319	0.15561	1.89350	0.07990	10.89220
2017	2019	8.10000	0.62877	0.13933	1.62026	0.10008	10.58844

Source: Dubuque County Auditor's Office.

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

**TABLE 7**

Taxpayer	2019			2010		
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
Peninsula Gaming Company LLC	\$ 63,779	1	2.31 %	\$ 56,784	1	2.79 %
Kennedy Mall Inc.	38,960	2	1.41	31,133	2	1.53
Progressive Processing LLC (Hormel)	25,375	3	0.92			
Walter Development LLC	25,067	4	0.91			
GRDT Investments LLC (Queck)	24,488	5	0.89			
MAR Holdings LLC (Medical Assoc.)	21,343	6	0.77	19,157	3	0.94
Nordstrom, Inc.	14,800	7	0.54	16,884	5	0.83
Platinum Holdings LLC	13,500	8	0.49	11,179	7	0.55
McGraw Hill Global Education LLC	13,500	9	0.49	14,440	6	0.71
Flexsteel Industries Inc.	13,304	10	0.48			
Lexington Dubuque LLC				9,844	10	0.48
Otto A LLC				17,500	4	0.86
Asbury Dubuque LLC				9,925	9	0.49
Minglewood Limited Partnership				9,948	8	0.49
	<u>\$ 254,116</u>		<u>9.21 %</u>	<u>\$ 196,794</u>		<u>9.67 %</u>

Source: Dubuque County Auditor's Office

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

**TABLE 8**

Fiscal Year	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
2010	2009	\$ 19,124	\$ 19,117	99.9 %	\$ (10)	\$ 19,107	99.9 %	\$ 202	1.06 %
2011	2010	19,906	19,793	99.4	13	19,806	99.5	276	1.39
2012	2011	21,340	21,339	100.0	1	21,340	99.9	185	0.87
2013	2012	22,789	22,752	99.8	7	22,759	99.9	182	0.80
2014	2013	23,993	23,915	99.7	8	23,923	99.7	211	0.88
2015	2014	24,866	24,715	99.4	7	24,722	99.4	362	1.46
2016	2015	24,944	24,889	100.0	84	24,973	100.0	288	1.15
2017	2016	26,435	26,318	99.6	2	26,320	99.6	354	1.34
2018	2017	25,924	26,026	100	1	26,027	100.4	199	0.77
2019	2018	26,556	26,442	99.6	4	26,446	99.6	202	0.76

(1) Excludes tax increment levy.

(2) Includes taxes collected in June by the County but not received by the City until July.

**CITY OF DUBUQUE**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				Business -
	General Obligation Bonds	Tax Increment Financing Bonds	Tax Increment Financing Notes	Other Loans Payable	General Obligation Bonds
2010	\$ 27,887,864	\$ 24,449,674	\$ 1,049,696	\$ 282,857	\$ 23,957,802
2011	32,561,048	23,037,222	1,931,348	282,857	25,254,652
2012	53,087,811	22,258,283	1,767,664	4,735,714	35,108,003
2013	56,517,165	21,920,537	1,235,903	5,638,871	34,921,131
2014	52,568,648	21,556,435	1,030,036	5,541,428	32,738,862
2015	59,614,941	21,165,946	811,608	5,444,285	45,868,394
2016	58,869,812	20,764,818	625,429	5,347,142	46,806,473
2017	53,800,719	20,333,690	451,763	4,650,000	44,487,023
2018	48,833,498	19,867,562	255,881	4,067,700	41,979,910
2019	46,917,828	19,366,434	176,054	3,984,110	39,246,005

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

2016 data changed to include premium and discounts in the outstanding computation.

(1) Population and personal income data can be found in Table 18.

\* Personal Income unavailable at report date



TABLE 9

Type Activities						
Capital Loan Notes	Revenue Bonds	Other Loans Payable	Total Primary Government	Percentage of Personal Income (1)		Per Capita (1)
\$ 8,289,621	\$ 1,115,430	\$ 371,978	\$ 87,404,922	3.9 %	\$	1,515
33,195,408	6,777,793	2,252,109	125,292,437	5.1		2,174
61,957,749	6,521,188	331,235	185,767,647	7.1		3,223
75,415,431	6,260,299	309,304	202,218,641	7.8		3,508
82,924,949	14,151,437	286,263	210,798,058	8.1		3,657
85,477,970	34,543,432	262,055	253,188,631	10.0		4,393
104,156,549	34,196,999	236,623	271,003,845	9.9		4,637
110,513,944	33,840,566	5,209,900	273,287,605	10.1		4,648
112,765,210	33,474,133	4,181,826	265,425,720	9.1		4,555
111,655,589	33,097,700	3,152,331	257,596,051	*		4,555

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

**TABLE 10**

Fiscal Year	General Obligation Bonds	Taxable Value of Property	Percentage of Taxable Value of Property	Assessed Value of Property	Percentage of Assessed Value of Property	Per Capita
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
2016	105,676	2,508,933	4.21	3,723,003	2.84	1,808
2017	98,288	2,652,700	3.71	3,914,425	2.51	1,672
2018	90,813	2,686,813	3.38	3,931,498	2.31	1,558
2019	86,164	2,765,470	3.12	4,141,732	2.08	1,487

\*Prior year information has been modified to net GO Bonds with the fund balance in Debt Service.

\*General Obligation Bonds are netted with the fund balance in the Debt Service fund.

**CITY OF DUBUQUE, IOWA  
DIRECT AND OVERLAPPING DEBT  
AS OF JUNE 30, 2019**

**TABLE 11**

<u><b>Jurisdiction</b></u>	<u><b>Net General Obligation Bonded Debt Outstanding</b></u>	<u><b>Tax Increment Financing Bonds (1)</b></u>	<u><b>Tax Increment Financing Notes</b></u>	<u><b>Sales Tax Revenue Bonds</b></u>	<u><b>Loans Payable</b></u>	<u><b>Percentage Applicable to City</b></u>	<u><b>Amount Applicable to Government</b></u>
Direct, City of Dubuque, Iowa	\$ 84,699,999	\$ 19,535,000	\$ 176,054	\$ -	\$ 3,984,111	100.00 %	\$ 108,395,164
Overlapping:							
Dubuque County	21,020,000	-	-	-	245,712	70.82 %	15,060,377
Dubuque Community School District	-	-	-	-	-	53.95 %	-
Northeast Iowa Community College	18,060,000	-	-	-	23,002,435	54.02 %	22,181,927
Total Overlapping	39,080,000	-	-	-	23,248,147		37,242,305
Total	\$ 123,779,999	\$ 19,535,000	\$ 176,054	\$ -	\$ 27,232,258		\$ 145,637,469

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

(1) Excludes sales tax revenue bonds.

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

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debit limit	\$ 167,247	\$ 174,333	\$ 177,668	\$ 181,668
Total net debt applicable to limit	<u>79,273</u>	<u>109,636</u>	<u>142,551</u>	<u>144,118</u>
Legal debit margin	<u>\$ 87,974</u>	<u>\$ 64,697</u>	<u>\$ 35,117</u>	<u>\$ 37,550</u>
Total net debt applicable to the debt limit as a percentage of debt limit	47.40%	62.89%	80.23%	79.33%

**TABLE 12**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 183,621	\$ 193,114	\$ 196,031	\$ 207,174	\$ 209,049	\$ 221,513
<u>131,289</u>	<u>154,643</u>	<u>152,386</u>	<u>141,076</u>	<u>124,926</u>	<u>117,223</u>
<u>\$ 52,332</u>	<u>\$ 38,471</u>	<u>\$ 43,645</u>	<u>\$ 66,098</u>	<u>\$ 84,123</u>	<u>\$ 104,290</u>
71.50%	80.08%	77.74%	68.10%	59.76%	52.92%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Estimated actual value	<u><u>\$ 4,430,255,110</u></u>
Debt limit - 5% of total actual valuation	\$ 221,512,756
Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund)	<u>(117,222,925)</u>
Legal debt margin	<u><u>\$ 104,289,831</u></u>

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

**TABLE 13**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Current Fiscal Year's Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
WATER UTILITY							
2010	5,353	5,153	200	70	52	122	1.64
2011	5,680	5,316	364	70	182	252	1.44
2012	6,087	5,895	192	255	238	493	0.39
2013	6,944	5,391	1,553	260	231	491	3.16
2014	7,283	7,384	(101)	432	344	776	(0.13)
2015	7,511	6,322	1,189	275	218	493	2.41
2016	8,508	4,826	3,682	285	211	496	7.42
2017	8,589	4,678	3,911	473	305	778	5.03
2018	8,962	4,989	3,973	489	288	777	5.11
2019	9,160	5,726	3,434	505	345	850	4.04
STORMWATER UTILITY (a)							
2010	2,357	1,320	1,037	75	58	133	7.80
2011	3,023	1,679	1,344	100	178	278	4.83
2012	3,211	1,497	1,714	231	243	474	3.62
2013	3,194	2,019	1,175	462	268	730	1.61
2014	3,240	1,833	1,407	320	309	629	2.24
2015	3,551	2,162	1,389	331	311	642	2.16
2016	3,948	2,140	1,808	341	301	642	2.82
2017	4,224	2,601	1,623	352	291	643	2.52
2018	4,486	2,374	2,112	363	283	646	3.27
2019	5,062	3,229	1,833	343	273	616	2.98
SEWAGE DISPOSAL WORKS							
2010	5,995	5,331	664	-	7	7	94.86
2011	6,699	6,029	670	33	382	415	1.61
2012	7,878	7,018	860	34	1,129	1,163	0.74
2013	8,951	6,113	2,838	1,719	1,443	3,162	0.90
2014	10,083	6,754	3,329	2,326	1,423	3,749	0.89
2015	10,629	6,950	3,679	2,603	1,358	3,961	0.93
2016	12,237	7,702	4,535	2,610	1,435	4,045	1.12
2017	12,475	6,082	6,393	2,652	1,454	4,106	1.56
2018	12,731	6,360	6,371	2,707	1,476	4,183	1.52
2019	12,667	7,013	5,654	2,878	1,429	4,307	1.31

a) Excludes the 2015 Lower Bee Branch Stormwater SRF debt service paid by Sales Tax Increment revenue.

(1) Total revenues (including interest).

(2) Total operating expenses exclusive of depreciation.

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

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

**TABLE 14**

<u>Fiscal Year</u>	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Gallons Billed</u>
2010	\$ 5,209,591	\$ 5,710,768	1,822,051,488
2011	5,561,910	6,502,740	1,903,364,420
2012	6,298,768	8,682,927	1,914,175,940
2013	6,701,771	8,472,382	1,945,227,547
2014	7,028,091	9,756,996	1,845,151,329
2015	7,231,393	10,417,833	1,864,028,948
2016	8,159,240	11,772,847	1,883,797,577
2017	8,248,796	12,000,115	1,844,997,668
2018	8,525,072	12,015,480	1,632,426,374
2019	8,636,521	12,266,217	1,750,735,443

**Source: Cash basis receipt ledgers.**

\*Revenue includes penalties and investment earnings collected.

New in 2015 - revenue does not include sales tax. All years reflect this change.

**WATER RATE SCHEDULE HISTORY**

<u>Steps</u>	<u>Gallons</u>		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
First	22,440	@	\$ 0.00512	\$ 0.00488	\$ 0.00474	\$ 0.00447	\$ 0.00406	\$ 0.00387	\$ 0.00355	\$ 0.00309
Next	89,760	@	0.00419	0.00399	0.00387	0.00365	0.00332	0.00316	0.00290	0.00252
Next	261,800	@	0.00391	0.00372	0.00361	0.00340	0.00309	0.00294	0.00270	0.00235
Next	374,000	@	0.00345	0.00329	0.00280	0.00301	0.00274	0.00261	0.00239	0.00208
Excess		@	0.00302	0.00288	0.00280	0.00264	0.00240	0.00229	0.00210	0.00183

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

**TABLE 15**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Government</b>	<b>Total</b>
2010	20,204	1,887	71	48	22,210
2011	20,338	1,904	79	51	22,372
2012	20,532	1,902	79	52	22,565
2013	20,753	1,921	80	53	22,807
2014	20,887	1,945	81	68	22,981
2015	20,969	1,968	83	76	23,096
2016	21,157	1,972	84	104	23,317
2017	21,522	2,061	83	114	23,780
2018	20,498	2,019	83	115	22,715
2019	20,523	2,148	80	147	22,898



**CITY OF DUBUQUE, IOWA  
LARGEST WATER AND SEWER CUSTOMERS  
FISCAL YEAR 2019**

**TABLE 16**

<u>Customer</u>	<u>Water Receipts</u>	<u>Rank</u>	<u>Percentage of Total Water Receipts</u>		<u>Sewer Receipts</u>	<u>Rank</u>	<u>Percentage of Total Sewer Receipts</u>
Rousselot Inc #155296	\$ 379,383	1	4.39	%			
Hormel Foods Corporation*	199,349	2	2.31		\$ 455,343	1	3.71 %
Prairie Farms Dairy Inc	138,403	3	1.60				
Hormel Foods Corporation*	112,207	4	1.30		249,491	2	2.03
Peninsula Gaming Co LLC	48,029	5	0.56		64,413	9	0.52
Finley Hospital	47,345	6	0.55		78,698	4	0.64
APC, INC.	46,370	7	0.54				
Alpine Park Community	46,121	8	0.53		93,356	3	0.76
Georgia Pacific	42,987	9	0.50		73,560	6	0.60
Stonehill Nursing Home	41,786	10	0.48		76,304	5	0.62
IADU Table Mound MHP LLC					66,301	8	0.54
Yes Companies Exp Fred, LLC					67,473	7	0.55
Grand Harbor Resor & Waterpark					60,482	10	0.49
Total Receipts	<u>8,636,521</u>				<u>\$ 12,266,217</u>		

\*Same company, separate accounts. Previously combined several accounts under same business, now listed separately.

**CITY OF DUBUQUE, IOWA  
SALES TAX INCREMENT BONDS  
FISCAL YEAR ENDING JUNE 30, 2019**

**TABLE 17**

Fiscal Year	Estimated Sales Tax Increment Revenue Receipts*	Senior Lien Series 2015A Net Debt Service (1)	Remaining Revenues After Senior Lien Debt Service	Second Lien Series 2014 Net Debt Service (2)	Remaining Revenues After Second Lien Debt Service
2015 *	\$ 2,037,489	\$ -	\$ 2,037,489	\$ -	\$ 2,037,489
2016 *	2,532,846	-	2,532,846	-	2,532,846
2017 *	3,945,134	-	3,945,134	(323,100)	3,622,034
2018 *	3,654,915	(762,650)	2,892,265	(323,100)	2,569,165
2019 *	4,207,297	(762,650)	3,444,647	(323,100)	3,121,547
2020	4,783,907	(762,650)	4,021,257	(323,100)	3,698,157
2021	5,574,673	(762,650)	4,812,023	(323,100)	4,488,923
2022	6,380,938	(762,650)	5,618,288	(323,100)	5,295,188
2023	6,866,198	(2,767,650)	4,098,548	(438,100)	3,660,448
2024	6,956,351	(2,771,000)	4,185,351	(1,393,500)	2,791,851
2025	6,957,401	(2,768,969)	4,188,432	(1,400,500)	2,787,932
2026	6,952,046	(2,771,031)	4,181,015	(1,344,250)	2,836,765
2027	6,952,532	(2,768,719)	4,183,813	(1,363,000)	2,820,813
2028	6,947,494	(2,768,394)	4,179,100	(1,365,000)	2,814,100
2029	6,723,750	(2,767,300)	3,956,450	(1,365,000)	2,591,450
2030	6,250,000	(2,768,800)	3,481,200	-	3,481,200
2031	4,467,912	(2,766,400)	1,701,512	-	1,701,512
2032	2,217,912	-	2,217,912	-	2,217,912
2033	2,250,000	-	2,250,000	-	2,250,000

\* Actual receipts.

(1) Net of capitalized interest and the debt service reserve fund.

(2) Net of capitalized interest.

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

**TABLE 18**

<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (2)</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2010	57,686	\$ 2,188,952,956	\$ 37,946	37	10,517	6.4 %
2011	57,637	2,354,759,635	40,855	37	10,467	5.8
2012	57,637	2,453,952,912	42,576	37	10,469	5.2
2013	57,637	2,489,053,845	43,185	39	10,513	4.6
2014	57,637	2,560,293,177	44,421	39	10,578	4.4
2015	57,637	2,645,653,574	45,902	38	10,634	3.7
2016	58,436	2,734,454,184	46,794	38	10,588	3.9
2017	58,799	2,717,101,790	46,210	38	10,556	2.9
2018	58,276	2,903,485,148	49,823	37	10,507	2.2
2019	57,941	*	*	38	10,459	2.2

**Data Sources:**

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

\* Unavailable at report date.

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

**TABLE 19**

Employer	2019			2010		
	# of Employees	Rank	Percentage of Total City Employment (1)	# of Employees	Rank	Percentage of Total City Employment (1)
John Deere (2)	2,600	1	4.57 %	1,627	2	3.07 %
Dubuque Community Schools	1,957	2	3.44	1,800	1	3.40
Mercy One	1,410	3	2.48	1,324	3	2.50
Medical Associates	1,061	4	1.86	743	7	1.40
Unity Point Health-Finley Hospital	975	5	1.71	920	5	1.74
Andersen Windows	750	6	1.32	750	6	1.42
City of Dubuque	737	7	1.30	664	8	1.25
Sedgwick	725	8	1.27			
Cottingham & Butler	650	9	1.14			
Dubuque Bank & Trust and Heartland Financial USA,	600	10	1.05			
IBM				1,300	4	2.45
Prudential Retirement				550	9	1.04
Dubuque Racing Association				500	10	0.94
Holy Family Catholic Schools				500	10	0.94
	<u>11,465</u>		20.15 %	<u>10,678</u>		20.16 %

Source: Greater Dubuque Development Corp.

(1) Based on the percentage of total employment for Dubuque area from the U.S. Department of Labor, Bureau of Labor Statistics.

(2) Located just outside City Limits.

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

	2010	2011	2012	2013
Public Safety				
Emergency Communications	13.00	13.00	13.00	13.00
Fire	90.00	90.00	90.00	90.00
Police	110.84	113.34	114.25	115.00
Building Services	8.00	9.00	9.00	9.00
Public Works				
Public Works	87.42	87.42	87.42	86.17
Engineering	26.00	27.00	27.00	29.00
Health & Social Services				
Health Services	4.00	4.00	4.00	4.00
Human Rights	3.00	3.00	4.00	5.00
Cultural and Recreation				
Civic Center	0.15	0.15	0.15	0.15
Library	18.00	18.00	18.00	19.00
Park	22.51	22.50	23.50	23.50
Recreation	8.43	8.93	9.93	9.93
Community & Economic Development				
Community / Economic Dev	3.00	3.00	3.00	3.00
Housing Services	22.00	22.25	23.00	25.80
Planning Services	8.00	8.00	8.00	8.00
General Government				
Airport	12.00	12.00	12.00	12.00
Cable TV	2.00	2.00	2.00	2.00
City Clerk's Office	3.00	3.00	3.00	3.00
City Manager's Office	15.00	15.00	14.00	15.00
Finance	14.00	14.00	14.00	14.00
Legal	4.66	5.00	5.00	5.00
Information Services	7.00	7.00	7.00	7.50
Business Type				
Water	24.00	25.00	25.00	25.00
Water & Resource Recovery Center	18.00	18.00	18.00	18.00
Parking	9.00	9.00	9.00	9.00
Transit	6.00	7.00	6.00	6.00
Total	539.01	546.59	549.25	557.05

**Source:** City Budget Records

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

TABLE 20

2014	2015	2016	2017	2018	2019
13.00	13.00	13.00	14.00	14.00	14.00
90.00	90.00	90.00	90.00	90.00	90.00
115.08	115.88	116.00	116.00	116.00	117.00
9.24	11.66	12.00	12.00	12.00	11.00
86.42	86.42	86.42	86.42	86.42	87.42
29.00	29.00	30.00	30.00	26.06	26.00
4.00	4.00	4.00	4.00	4.00	4.00
5.00	5.00	5.00	5.00	5.00	5.00
0.15	0.15	0.15	0.15	0.15	0.15
19.00	19.00	19.00	19.00	19.00	19.00
23.50	23.50	23.50	22.50	22.50	22.50
9.93	10.93	11.93	11.93	11.93	11.93
4.00	4.00	2.00	2.00	3.00	3.00
27.00	26.00	21.00	25.00	25.00	23.52
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	16.00	16.00	16.00	17.00	17.50
14.08	14.88	15.00	15.00	15.00	14.00
5.00	5.00	5.00	5.00	4.00	4.00
8.00	8.00	8.00	8.00	8.00	8.00
26.00	26.00	25.00	25.00	25.00	24.00
18.00	18.00	17.00	17.00	17.00	15.00
9.00	9.00	9.00	8.00	7.00	-
6.32	8.00	13.00	13.00	14.00	20.00
561.72	568.42	567.00	570.00	567.06	562.02

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

	2010	2011	2012	Fiscal - 2013
Public Safety				
Police				
Physical arrests	6,365	6,350	6,319	6,106
Traffic violations	8,901	12,289	11,836	12,089
Parking violations	37,056	35,799	34,910	35,516
Fire				
Number of calls answered	4,557	4,884	5,307	4,792
Inspections conducted	1,035	555	589	512
Sewer				
Sewage system				
Daily average treatment in gallons	9,068,000	8,132,000	7,817,000	10,987,000
Maximum daily capacity of treatment plant in gallons	21,131,000	23,240,000	23,240,000	23,240,000
Water systems				
Daily average consumption in gallons	7,684,000	7,636,000	7,226,000	6,953,000
Maximum daily capacity of plant in gallons	18,000,000	18,000,000	18,000,000	18,000,000
Refuse (Municipal Collection)				
Tonnage	10,615	10,660	11,180	10,535

Sources: Various City Departments.

Statistics updated for fiscal year 2017



**TABLE 21**

Year					
2014	2015	2016	2017	2018	2019
5,532	3,767	3,397	3,238	3,519	3,403
8,959	7,354	9,058	9,063	9,415	8,369
36,768	37,635	38,880	33,953	32,857	25,685
5,165	5,603	5,750	5,990	5,949	6,058
471	791	993	1,649	1,675	1,232
7,091,000	7,237,000	7,016,000	7,377,000	7,900,000	7,930,000
24,500,000	24,500,000	24,500,000	24,500,000	24,500,000	24,500,000
7,235,000	6,956,000	7,068,184	7,200,000	6,917,000	6,133,000
18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
10,311	10,690	11,098	11,284	11,481	11,569

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

	Fiscal			
	2010	2011	2012	2013
Public safety				
Police				
Stations	1	1	1	1
Patrol units	22	22	22	22
Fire				
Stations	6	6	6	6
Aerial trucks	3	3	3	3
Public works				
Streets				
Miles (1)	321	325	328	329
Street lights (1)	1,916	1,931	2,081	2,084
Health and social services				
Hospital	2	2	2	2
Number of patient beds	389	389	389	389
Cultural and recreation				
Library	1	1	1	1
Golf	1	1	1	1
Parks	48	48	51	51
Acreage	901	901	1,001	1,001
Recreation				
Civic center	1	1	1	1
Swimming pools	2	2	2	2
Softball fields	7	7	7	7
Baseball fields	1	1		1
Tennis courts	20	20	20	20
Sewer				
Sewage system				
Miles of sanitary sewer (1)	300	300	304	304
Miles of storm sewers (1)	144	150	155	141
Number of treatment plants	1	1	1	1
Number of service connectors	21,599	21,702	22,393	22,428
Water systems				
Miles of water mains	318	319	320	321
Number of service connectors	21,986	22,092	22,161	22,536
Number of city owned fire hydrants	2,843	2,854	2,863	2,879

**Sources:** Various City Departments.

(1) City GIS System

TABLE 22

Year	2014	2015	2016	2017	2018	2019
	1	1	1	1	1	1
	22	22	22	22	22	22
	6	6	6	6	6	6
	3	3	3	3	3	3
	331	333	332	336	334	340
	2,110	2,161	2,162	2,184	2,312	2,436
	2	2	2	2	2	2
	389	373	373	373	373	373
	1	1	1	1	1	1
	1	1	1	1	1	1
	51	53	53	53	53	53
	1,001	974	974	974	974	974
	1	1	1	1	1	1
	2	2	2	2	2	2
	7	11	11	11	11	10
	1	1	1	1	1	1
	20	20	20	20	20	16
	307	320	322	326	321	332
	144	145	147	152	156	158
	1	1	1	1	1	1
	22,888	22,928	23,119	23,343	23,423	23,488
	315	318	329	337	370	410
	22,702	22,787	22,970	23,443	23,546	23,605
	2,336	2,346	2,380	2,450	2,973	2,539

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

**TABLE 23**

<b>Year</b>	<b>Taxable Retail Sales</b>	<b>Number of Businesses</b>
2010	\$ 971,050,048	2,043
2011	1,014,284,468	2,009
2012	1,060,222,499	1,993
2013	1,057,837,212	2,008
2014	1,240,664,593	3,337
2015	1,305,893,119	3,347
2016	1,316,561,626	2,997
2017	1,324,993,666	2,971
2018	1,323,052,623	2,970
2019	*	*

Data Sources:  
Iowa Department of Revenue

\* Unavailable at report date

**Compliance Section**  
**June 30, 2019**  
**City of Dubuque, Iowa**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, (City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2020.

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

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

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

### **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, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying schedule of findings and questioned costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **City's Responses to Findings**

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

### **Purpose of this Report**

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

Handwritten signature of Erik Bailly in cursive script.

Dubuque, Iowa  
March 30, 2020





## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Dubuque, Iowa's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the City's compliance.

**Basis for Qualified Opinion on CDBG Entitlement Grants Cluster**

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA 14.218 CDBG Entitlement Grants Cluster as described in finding numbers 2019-002 for Allowable Cost/Cost Principles and 2019-003 for Reporting. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

**Qualified Opinion on CDBG Entitlement Grants Cluster**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the CDBG Entitlement Grants Cluster for the year ended June 30, 2019.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its 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, 2019.

The City's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-002, 2019-003, and 2019-005 to be material weaknesses.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-004 to be a significant deficiency.

The City's responses to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the responses.

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

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa  
March 30, 2020

City of Dubuque, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Housing and Urban Development				
Direct program				
CDBG - Entitlement Grants Cluster				
Community Development Block				
Grants/Entitlement Grants	14.218		\$ 143,819	\$ 125,441
Community Development Block				
Grants/Entitlement Grants	14.218		37,935	-
Community Development Block				
Grants/Entitlement Grants	14.218		591,189	-
Community Development Block				
Grants/Entitlement Grants	14.218		661,584	-
Community Development Block				
Grants/Entitlement Grants	14.218		139,085	-
Total CDBG - Entitlement Grants Cluster			1,573,612	125,441
Continuum of Care Program	14.267		82,411	-
Pass-through program from				
Iowa Economic Development Authority				
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster				
National Resiliency Disaster Recovery Competition	14.272	B-13-DS-19-001	9,737,453	-
Direct program				
Section 8 Project-Based Cluster				
Lower Income Housing Assistance Program -				
Section 8 Moderate Rehabilitation	14.856		93,317	-
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871		5,162,973	-
Section 8 Housing Choice Vouchers	14.871		133,518	-
Total Housing Voucher Cluster			5,296,491	-
Lead-Based Paint Hazard Control in				
Privately-Owned Housing	14.900		646,179	-
Total Department of Housing and Urban Development			17,429,463	125,441
Department of Justice				
Pass-through program from				
Iowa Department of Justice				
Violence Against Women Formula Grants	16.588	VW-18-42B-CJ	406	-
Violence Against Women Formula Grants	16.588	VW-19-14-CJ	2,072	-
Total			2,478	-
Public Safety Partnership and Community				
Policing Grants	16.710	18-COPS-HEROIN-02	2,000	-
Public Safety Partnership and Community				
Policing Grants	16.710	14-CAMP-04	4,997	-
Total			6,997	-

City of Dubuque, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Justice (continued)				
Direct program				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 11,597	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738		9,245	-
Pass-through program from				
Dubuque County Sheriff's Office Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-JAG-249317	30,813	-
			51,655	-
Total Department of Justice			61,130	-
Department of Transportation				
Direct program				
Airport Improvement Program	20.106		52,019	-
Airport Improvement Program	20.106		26,536	-
			78,555	-
Highway Planning and Construction Cluster				
Pass-through program from				
Iowa Department of Transportation				
Highway Planning and Construction	20.205	HDP-2100-(679)-71-31	194,022	-
Highway Planning and Construction	20.205	HDP-2100-(667)-71-31	860,735	-
Highway Planning and Construction	20.205	STP-U-2100(634)-70-31	472,677	-
Highway Planning and Construction	20.205	HDP-2100-(664)-71-31	36,753	-
Highway Planning and Construction	20.205	STP-A-2100(688)-86-31	180,486	-
Highway Planning and Construction	20.205	STP-A-2100(689)-86-31	283,953	-
Highway Planning and Construction	20.205	STP-A-2100(692)-86-31	289,459	-
Highway Planning and Construction	20.205	STP-A-2100(693)-86-31	108,771	-
Highway Planning and Construction	20.205	HDP-2100-(678)-71-31	167	-
Total Highway Planning and Construction Cluster			2,427,023	-
Federal Transit Cluster				
Direct program				
Federal Transit - Formula Grants	20.507		202,953	-
Federal Transit - Formula Grants	20.507		1,175,502	-
Total Federal Transit Cluster			1,378,455	-
Pass-through program from				
Iowa Department of Transportation				
Formula Grants for Rural Areas	20.509	ICB-CY18	812	-
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	IA-2016-026-022-10	50,667	-

City of Dubuque, Iowa  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Transportation (continued)				
Pass-through program from				
Iowa Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	PAP 18-402-M00P	\$ 9,139	\$ -
State and Community Highway Safety	20.600	PAP 19-402-M00P	16,535	-
			<u>25,674</u>	<u>-</u>
Total Highway Safety Cluster				
			<u>3,961,186</u>	<u>-</u>
Total Department of Transportation				
Environmental Protection Agency				
Direct program				
Brownsfields Assessment and Cleanup				
Cooperative Agreements	66.818		30,703	-
Brownsfields Assessment and Cleanup				
Cooperative Agreements	66.818		48,204	-
Brownsfields Assessment and Cleanup				
Cooperative Agreements	66.818		27,488	-
			<u>106,395</u>	<u>-</u>
Total Environmental Protection Agency				
Corporation for National and Community Service				
Pass-through program from				
Iowa Commission on Volunteers				
AmeriCorps	94.006	17-AC-10	52,325	-
AmeriCorps	94.006	17-AF-05	12,085	-
AmeriCorps	94.006	18-AC-10	122,832	-
AmeriCorps	94.006	18-AF-05	20,502	-
AmeriCorps	94.006	18-FP-02	25,009	-
			<u>232,753</u>	<u>-</u>
Total Corporation for National and Community Service				
			<u>\$ 21,790,927</u>	<u>\$ 125,441</u>
Total Federal Financial Assistance				

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Dubuque, Iowa, (the City) under programs of the federal government for the year ended June 30, 2019. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, fund balance, or cash flows of the City.

**Note 2 - Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

The City has not elected to use the 10% de minimis cost rate.

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

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified for all major federal programs except for Community Development Block Grants/Entitlement Grants, which was qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
CDBG - Entitlement Grants Cluster	
Community Development Block Grants/Entitlement Grants	14.218
National Resiliency Disaster Recovery Competition	14.272
Federal Transit Cluster	
Federal Transit - Formula Grants	20.507
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No



## Part II: Financial Statement Findings

### 2019-001    **Material Audit Adjustments** **Material Weakness**

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

*Condition:* During the course of our engagement, we proposed significant audit adjustments to accounts receivable, intergovernmental receivables, notes receivables, inventory, capital assets, accounts payable, and the schedule of expenditures of federal awards.

*Cause:* The City's existing internal controls over accounts receivable, intergovernmental receivables, notes receivables, inventory, capital assets, accounts payable, and the schedule of expenditures of federal awards are limited.

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

*Recommendation:* We recommend the City increase procedures over accounts receivable, intergovernmental receivables, notes receivables, inventory, capital assets, accounts payable, and the Schedule of Expenditures of Federal Awards.

*Views of Responsible Officials:* We agree with the auditor's comments. The City of Dubuque Finance Department has experienced significant staff turnover, including all management staff, in the past twelve months. The following action will be taken to improve the situation. Staff recruitment efforts will focus on candidates with government accounting experience. In addition, outside training will be provided for existing staff on government accounting, certified annual financial report preparation, and audit workpapers. A budget/financial analyst was hired on January 28, 2020 to focus on grants and develop a process to assist departments with grant management and reporting. This new position will also complete the Schedule of Expenditures of Federal Awards and attend specialized grant training.

## Part III: Federal Award Findings and Questioned Costs:

### 2019-002    **US Department of Housing and Urban Development** **CDBG – Entitlement Grants Cluster** **CFDA # 14.218 Community Development Block Grant/Entitlement Grants** **Federal Award Numbers B-17-MC-19-0004, B-17-MC-19-0004, B-17-MC-19-0004, and** **B-17-MC-19-0004 for the fiscal year ended June 30, 2019**

#### **Allowable Costs/Cost Principles**

#### **Material Weakness in Internal Control over Compliance and Material Noncompliance**

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

*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. The Uniform Guidance (2 CFR 200.430) requires charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. Records must support the distribution of the employee's salaries or wages among specific activities or cost objectives.

*Condition:* During our testing of payroll expenditures and related time sheets, we noted that the time sheets maintained as part of the City's records did not reflect the specific activities being performed by the employee.

*Cause:* The City's internal controls over compliance are not properly designed to capture the information required by Uniform Guidance.

*Effect:* The City did not comply with the Uniform Guidance regarding employee records.

*Questioned Costs:* Salaries and benefits of \$246,995 were included in program expenditures. We were unable to determine the amount of questioned costs, if any, because we were unable to determine the actual time incurred by the employees.

*Context/Sampling:* A non-statistical sample of 60 transactions, which included 10 payroll related items were selected for testing. The 10 payroll items tested accounted for \$32,000 of the \$246,995 of salaries and benefits included in program expenditures.

*Repeat Finding from Prior Year(s):* No

*Recommendation:* We recommend the City develop, document, and retain a formal time study that complies with the requirements of the Uniform Guidance.

*Views of Responsible Officials:* We agree with the auditor's comments. The following action will be taken to improve the situation. The City of Dubuque is recording salary and wages based on actual activities performed in a day on timesheets, backed by outlook calendar attachments until another time study can be completed. The time study completed in FY 2019 was over 3 months and was documented by 30-minute intervals for each activity completed. Unfortunately, not every employee's documentation was placed in the permanent payroll files and was therefore unavailable for review and needs to be re-created in a new time study.

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

**2019-003    US Department of Housing and Urban Development  
CDBG – Entitlement Grants Cluster  
CFDA # 14.218 Community Development Block Grant/Entitlement Grants  
Federal Award Numbers B-17-MC-19-0004, B-17-MC-19-0004, B-17-MC-19-0004, and  
B-17-MC-19-0004 for the fiscal year ended June 30, 2019**

**Reporting**

**Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Criteria:* Federal regulations require the submission of quarterly financial reports of the program.

*Condition:* Required quarterly reports for September 30, 2018 and December 31, 2018 were not filed with the granting agency.

*Cause:* Staff turnover resulted in a miscommunication on the responsibility for submitting the quarterly reports (SF-425).

*Effect:* The City did not comply with the reporting requirements.

*Questioned Costs:* None.

*Context/Sampling:* 2 of the 4 quarterly reports were not filed.

*Repeat Finding from Prior Year(s):* No

*Recommendation:* We recommend the City develop and implement procedures to ensure reports are prepared and reviewed in compliance with the reporting requirements of the grant.

*Views of Responsible Officials:* We agree with the Auditor's comments. Officials found that HUD informs only those on the distribution list when a report is missing. This allowed a single employee to ignore the requests for quarterly reporting, without raising the awareness of anyone else in the organization that the reports were not completed. The following action will be taken to improve the situation. The City of Dubuque has mandated two employees receive notifications from HUD. Additionally, one employee is responsible for the preparation of the report, another is responsible for review and submission of the report. The Director is then responsible for the signature of approval. This ensures that three employees have responsibility and sign off to check the quarterly report has been submitted. Additionally, the Community Development Advisory Commission adopted a schedule of Federally Required Submissions, so they can monitor the status of those submissions. Employees that prepare the agenda for the Commission are not part of the submission process, and therefore are a secondary control to ensure the Commission receives documentation that required reports are filed. Commission meeting minutes from the Community Development Advisory Commission are placed on the City Council agenda for review and approval; therefore, a third control mechanism for ensuring required documentation is submitted timely.

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

**2019-004 U.S. Department of Transportation  
CFDA 20.507, Federal Transit – Formula Grants  
Federal Award Numbers IA-2018-013-00 and IA-2019-022-00 for the fiscal year ended  
June 30, 2019**

**Procurement, Suspension and Debarment  
Significant Deficiency in Internal Control over Compliance**

*Criteria:* The Uniform Guidance, Section 200.303 Internal Controls, requires the non-federal entity establish and maintain effective internal controls over federal awards that provide reasonable assurance that awards are being managed in compliance with federal statutes, regulations and the terms and conditions of the federal award.

Non-federal entities are also prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet other criteria as specified in 2 CFR section 180.220.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/>, (2) collecting a certification from that entity, or (3) adding a clause or condition to the covered transaction with that entity.

*Condition:* We tested compliance and internal controls over suspension and debarment and noted five vendors with fiscal year 2019 expenditures over \$25,000, in which there was no documentation to support a System of Award Management (SAM) verification was performed to determine if the entity was suspended or debarred.

*Cause:* There is a lack of oversight, awareness, or understanding of all of the specific requirements under the Uniform Guidance and applicable CFR sections. Controls were not adequately designed to ensure compliance with all of these requirements.

*Effect:* Failure to provide documentation of performance of the SAM’s verification being performed may result in disallowed cost. In addition, a lack of specific policies increases the overall risk that employees are not aware of the requirements with contracting and awarding contracts to lower tier entities.

*Questioned Costs:* None reported

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

*Context/Sampling:* All vendors with fiscal year 2019 expenditures over \$25,000, which totaled six, were selected for suspension and debarment testing.

*Repeat Finding from Prior Years:* No

*Recommendation:* We recommend that management maintain adequate supporting documentation and records to document history and methods of procurement and the procedures performed to comply with the Uniform Guidance.

*Views of Responsible Officials:* We agree with the auditor's comments. The City of Dubuque Finance Department and Transportation Services Departments have experienced significant staff turnover, including all management staff, in the past twelve months. The following action will be taken to improve the situation. A budget/financial analyst was hired on January 28, 2020 to focus on grants and develop a process to assist departments with grant management and reporting. This new position will also attend specialized grant training. The Finance Department will incorporate suspension and debarment checks into the procurement process to ensure compliance with grants. In addition, the Finance Department will train departments on the process of suspension and debarment checks related to grants.

**2019-005    US Department of Housing and Urban Development  
CFDA # 14.272 National Disaster Resilience Competition (CDBG-NDR)  
Federal Award Numbers 13-NDRI-001 and 13-NDRI-011 for the fiscal year ended June 30, 2019**

**Matching, Level of Effort, Earmarking and Reporting  
Material Weakness in Internal Control over Compliance**

*Criteria:* 2 CFR Section 200.306 states that the recipient or subrecipient must meet all federal matching requirements, including recording and reporting verifiable and accurate documentation.

*Condition:* The City did not have proper controls in place to document or track and report matching funds.

*Cause:* Management failed to implement a system to track and report matching funds.

*Effect:* Without a formal structure in place to monitor matching funds, the City was unable to accurately document and report the matching requirement.

*Questioned Costs:* None.

*Context/Sampling:* A non-statistical sample of 4 reports out of 11 reports were selected for testing.

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

*Repeat Finding from Prior Year(s):* No

*Recommendation:* We recommend the City perform additional review procedures relating to matching funds and reporting.

*Views of Responsible Officials:* We agree with the auditor's comments. The following action will be taken to improve the situation. Two employees are responsible for preparing and then submitting reports on expenditures for the grant. The first prepares the report based on the financial reporting system, the second employee then takes that information and loads it into the State reporting system. There was not an additional step that required review that the submission matched the information provided to that employee. The City of Dubuque now requires the State submission report be reviewed for accuracy by a separate employee and recorded as reviewed by that employee be signature and placement into the draw folder.

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

- 2019-IA-A Certified Budget** – Disbursements during the year ended June 30, 2019 did not exceed the budget by function.
- 2019-IA-B Questionable Expenditures** – We noted no expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 2019-IA-C Travel Expense** – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 2019-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
Mike Kerth, City employee, spouse is co-owner of Steve's Ace Hardware	Supplies	\$ 19,263
Riley Fairchild, City employee, spouse is owner of Fairchild Business Coaching	Services	12,695
Kevin Esser, City employee, spouse is Janice Esser	Rehab Grant	10,000
Gina Hodgson, City employee, spouse is Bob Hodgson	Crop Cover	990

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

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction with Gina Hodgson does not appear to represent conflict of interest since the total transaction was less than \$1,500 during the fiscal year. The transactions with Mike Kerth, Riley Fairchild, and Kevin Esser may represent a conflict of interest since they were not entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

**2019-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.

**2019-IA-F Council Minutes** – No transactions were found that we believe should have been approved in the Council minutes but were not.

**2019-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.

**2019-IA-H Revenue Debt** – The Stormwater Utility revenue capital loan notes include a requirement for the Utility to maintain rates in each year for the payment of the expenses of the Utility and to meet principal and interest on the notes. In fiscal year 2019, the net revenues of the Utility were less than the current year debt service requirement on the notes.

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

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

**Response** – We agree with the auditor's comments. When the City of Dubuque issued Series 2015B State Revolving Fund loan, the dedicated source of repayment is from the flood mitigation fund (sales tax increment). The required coverage is being provided from sales tax increment. At the date of issuance, it was intended that if the flood mitigation fund has a sufficient balance to provide debt payments, the Series 2015B State Revolving Fund Loan could be excluded from the debt covenant calculation of stormwater revenue bonds. However, the loan documents for the Series 2015B State Revolving Fund Loan did not reflect excluding the series from the bond covenant calculation as intended. The following action will be taken to improve the situation. City of Dubuque staff have contacted the Iowa Finance Authority to amend the loan agreement for the Series 2015B State Revolving Fund loan. The Iowa Finance Authority has agreed to a loan amendment. The City of Dubuque will meet surety bond coverage for future fiscal years after the loan is amended.

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

**2019-IA-I     Annual Urban Renewal Report** – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1. However, we noted instances in which TIF debt balances did not reconcile with City records.

**Recommendation** – The City should implement additional preparation and review procedures relating to the Annual Urban Renewal Report.

**Response** – We agree with the auditor’s comments. The City of Dubuque Finance Department has experienced significant staff turnover, including all management staff, in the past twelve months. The following action will be taken to improve the situation. Additional staff will be trained on preparing the Annual Urban Renewal Report so that an internal review can take place prior to submitting the report to the State of Iowa.

**2019-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 instances in which TIF debt balances did not reconcile with City records.

**Recommendation** – The City should implement additional preparation and review procedures relating to the annual TIF Debt Certification to the County.

**Response** – We agree with the auditor’s comments. The City of Dubuque Finance Department has experienced significant staff turnover, including all management staff, in the past twelve months. The following action will be taken to improve the situation. Additional staff will be trained on preparing the Tax Increment Financing certification of indebtedness so that an internal review can take place prior to submitting the report to Dubuque County.

**2019-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.

**2019-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.