



COMPREHENSIVE ANNUAL FINANCIAL REPORT
of the
DUBUQUE COMMUNITY SCHOOL DISTRICT
Dubuque, Iowa

For the Fiscal Year Ended June 30, 2018

2300 Chaney Road, Dubuque, Iowa 52001

In the Counties of Dubuque and Jackson, State of Iowa

COMPREHENSIVE ANNUAL FINANCIAL REPORT
of the
DUBUQUE COMMUNITY SCHOOL DISTRICT
Dubuque, Iowa

For the Fiscal Year Ended June 30, 2018

OFFICIAL ISSUING REPORT
Kevin Kelleher
Executive Director of Finance and Business Services

OFFICE ISSUING REPORT
Business Office

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INTRODUCTORY SECTION



OUR MISSION is to develop world-class learners and citizens of character in a safe and inclusive learning community.

OUR VISION is to unfold the potential of every student by empowering the teacher/student relationship through:

- > Promoting the roles and responsibilities we all have in the 21st century learning process
 - > Removing barriers
 - > Creating an environment where character and citizenship count
 - > Leveraging content knowledge to become critical thinkers and problems solvers
 - > Providing multiple pathways to unlocking student potential
-

THE BOARD OF EDUCATION VALUES

- > Essential skills of digital-age literacy, inventive thinking, effective communication, and high productivity
 - > Innovative programming options
 - > Extra-curricular activities and character development
 - > Building leadership capacity for all employees
 - > Community engagement and multiple ways of communication
 - > Being transparent, ethical, equitable, and using resources wisely
-



December 10, 2018

Ms. Tamara L. Ryan, President
Members of the Board of Education, and
Residents of the Dubuque Community School District

We are pleased to submit the Comprehensive Annual Financial Report of the Dubuque Community School District (District) for the fiscal year ended June 30, 2018. This report has been prepared to conform to guidelines recommended by the Association of School Business Officials International. The responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the officials of the District's Central Office management staff. We believe the data is accurately presented, in all material respects; that the data is presented to fairly set forth the financial position and results of operations of the District, as measured by the financial activity of the various funds; and that all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs.

Jim Kircher and Associates, P.C., have issued an unmodified ("clean") opinion on the District's basic financial statements for the year ended June 30, 2018. The Independent Auditor's Report is located at the front of the financial section of this report.

The Comprehensive Annual Financial Report (CAFR) is divided into four sections: introductory, financial, statistical, and single audit compliance. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal District officials, consultants and advisors, and a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International. The financial section includes the Independent Auditor's Report, the Management's Discussion and Analysis, the basic financial statements, notes to the financial statements and required supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The District was required to have a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments and Nonprofit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, summary schedule of prior audit findings, the independent auditors' report on internal control over financial reporting and on compliance with other matters, independent auditor's report on compliance with requirements to each major program and on internal control over compliance, and a schedule of findings and questioned costs are included in the single audit compliance section of this report.

Reporting Entity and its Services

The Dubuque Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-school through twelve.

The District was organized in 1856. The District is supported financially by legislatively appropriated state aid, property taxes, local option sales and services tax, state and federal grants for special projects and local revenue received in the form of tuition and other miscellaneous income items. The District is governed by a seven-member board of education. Effective with the September 2009 election, school board members are elected to four-year terms and elections are held only in odd-numbered years. All board members are elected at large.

The District provides a full range of educational services for residents of the Dubuque Community School District appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, special education for identified children with qualifying special needs, vocational education and many individualized programs such as specialized instruction for students at-risk and students whose primary language is not English. The official enrollment of the District as of October 2017 (the official count date) was 10,507 students. This District is the ninth largest of Iowa's 333 public school systems. According to the Iowa Department of Education, projected enrollments remain flat over the next few years. The District operates two regular high schools, three middle schools, and thirteen elementary schools.

The financial statements include all funds, agencies, boards, and commissions. The District has also considered all actual and potential component units for which it is financially accountable and all other organizations where the nature of significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The criteria considered in determining financial accountability of any entity to the District include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization; and/or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Dubuque Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Accounting System

In developing and evaluating the accounting system of the District, much consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the internal accounting controls of the District adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Relevant Financial Policies

The Dubuque Community School District operates under the laws as defined in Code of Iowa and policies as determined by the local Board of Education. A comprehensive accounting system is promulgated by the Iowa Department of Education including account numbers for revenues and expenditures by function and object. The District additionally tracks revenues by source of funds and expenditures by location, curricular program and funding source. Annual budgets are provided to the Department of Management and annual financial reports are provided to the Iowa Department of Education in their prescribed formats. Periodic financial reports are submitted to the Iowa Department of Education or other granting agencies for many federal and state grants.

The District takes its fiduciary responsibility to our students, parents and taxpayers very seriously. It has adopted policies defining the budget process, purchasing, insurance and cash management. It has also adopted a strategic plan which includes a ten-year facilities plan, a District technology plan and has three financial benchmarks that are used to measure the financial strength of the District's General Fund. These three benchmarks are Cash Balance, Solvency Ratio, and Unspent Balance (which is another term for Spending Authority). The District had the following goals for these three benchmarks:

1. Cash Balance – Three months' worth of cash expenditures
2. Solvency Ratio – Range of 5% to 15%
3. Unspent Balance – One months' worth of cash expenditures

For fiscal year 2017-18, listed below are the District's benchmarks and actual amounts;

	<u>Benchmark</u>	<u>Actual</u>
Cash Balance	\$32,916,574	\$29,544,862
Solvency Ratio	5% - 15%	13.2%
Unspent Balance	\$10,787,784	\$12,116,878

The District did not meet the cash balance benchmark and met and/or exceeded the other benchmarks. There were increases in all three areas for the year ended June 30, 2018. The District is expecting an increase in cash balance and solvency ratio but a decline in unspent balance in the 2018-19 fiscal year and will need to monitor the financial benchmarks throughout the year to see if budget reduction plans for the 2019-20 fiscal year are needed.

Budgeting

The District's Board of Education annually adopts and certifies a budget following a public hearing and approves the related appropriations for the general, special revenue, debt service, capital projects and enterprise funds in accordance with provisions outlined in the statutes of the State of Iowa. The budgets and financial statements for the governmental fund types are prepared on a modified accrual basis and the budget and financial statements for the enterprise funds are prepared on the accrual basis. A schedule comparing the original and amended budget to actual revenues and expenditures/expenses is included as required supplementary information.

For management control, the line-item budgets are reviewed for variances. However, since a budget is a plan, overage or underage on a line-item basis is allowed if sufficient funds are available on a major program basis. Iowa law requires the formal and legal budgetary control for the certified budget to be based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs, and other expenditures.

Major Initiatives and Achievements

In September of 2002, local voters approved a one-cent local option sales and services tax for school infrastructure. With that sales tax funding, the District was able to develop a plan for the future. Beginning in February 2003, a group of citizens made up a public planning task force. Working with the School Board, they began to develop a plan on choosing locations for a new middle school, replacement downtown elementary school and a new west-end elementary school. The next step was to design a new middle school, a replacement downtown elementary school, a west-end elementary school, as well as certain essential repairs and renovations to one of the existing high school buildings. Plans for construction were approved and bids taken for each project. Construction was completed in August 2005 on the new 206,000 square foot Eleanor Roosevelt Middle School. The new 66,000 square foot Prescott Elementary School has been completed and opened in August of 2006. The new 66,000 square foot George Washington Carver Elementary School was completed and opened in August of 2007. Also extensive remodeling and additional classrooms were done at Stephen Hempstead High School during this period. The District issued revenue bonds in October 2004, January 2005, January 2006, and January 2007 to finance the new construction, with sales tax revenues paying off the bonds. These bonds were either paid off or refinanced through three new issuances in December 2009 and February 2010 at a lower interest rate.

The State of Iowa has subsequently enacted legislation that extended the statewide sales tax to 2029. Because of this extension, the District has developed a long-term facilities plan and a long-term technology plan to strategically use these additional funds to complement the District Strategic Plan.

In FY 2013-14, the District completed a large facility project and started two large facility projects. They included an approximately \$10,100,000 stadium renovation project at Senior High School that was completed in the summer of 2013 and an approximately \$33,000,000 multi-year remodel/addition project at Hempstead High School, and an approximately \$6,600,000 remodel/addition multi-year project at Kennedy Elementary School. The Kennedy Elementary School project was completed during FY 2014-15 while the Hempstead High School project was completed in FY 2015-16. During FY 2014-15, the District conducted a study and began architectural drawings on a major remodel/addition project budgeted at \$30,000,000 at Senior High School. During FY 2015-16, work on this project began and is expected to continue through FY 2018-19. In FY 2016-17, the District began a study on how to replace the aging District swimming pool. Construction began in FY 2017-18 and will continue through FY 2019-20 with an anticipated cost of approximately \$9,500,000. Additionally, the District began construction in FY 2017-18 on an addition to the building on the Alta Vista Campus. This project will continue through FY 2019-20 with an anticipated cost of approximately \$6,800,000. All of these projects have been funded with sales tax revenue and sales tax revenue bonds. The District issued \$10,000,000 bonds in April 2012, \$10,000,000 in April 2013, \$13,033,000 in March 2014, \$15,960,000 in January 2015, \$10,000,000 in December of 2016, and \$10,000,000 in December of 2017. The District issued \$9,455,000 in October of 2018. These funds will be used to complete the Senior project and pay for the expenses of the Alta Vista Campus addition.

Economic Condition and Outlook

The City of Dubuque's location in the tri-state area of Iowa, Illinois, and Wisconsin provides the area with a regional economic importance. The city has been endorsed as an All-American City in 2007, 2012, 2013, and 2017. The regional tax base is strong; the property tax base of the Dubuque Community School District itself is above the state average. The per pupil property tax valuation ranks 190 out of 333 school districts in the state. The strong regional retail market continues to provide wealth to the community. The strong regional market is illustrated by various convention and tourism activities.

The State of Iowa's school funding formula projects a controlled budget based on October's enrollment for the current budget year multiplied by a legislatively approved cost per pupil for the subsequent budget year. The per pupil allowable cost for budget year 2017-18 was \$6,671. The State Supplemental Aid rate for FY 2018-19 is at 1.0% which equates to a per pupil amount of \$6,738.

In light of these circumstances, the District must continue to operate in the most efficient manner during FY 2018-19 to help ensure adequate funding for staff, services, and supplies.

Independent Audit

The accounting firm of Jim Kircher & Associates, P.C., was selected to perform the annual audit in accordance with Chapter 11 of the Code of Iowa. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Compliance Supplement. The auditor's report on the basic financial statements, combining and individual fund statements, and other schedules is included in the financial section of this report. The auditors have issued an unmodified "clean" opinion on the Dubuque Community School District's financial statements for the year ended June 30, 2018. The Independent Auditor's Report is located in the financial section of this report.

Certificate of Achievement for Excellence in Financial Reporting

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence to the District for their Comprehensive Annual Financial Report. This Certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports. In order to be awarded this certificate, the District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

This certificate is valid for a period of one year only. The Dubuque Community School District has received these awards for the nine previous fiscal years' Comprehensive Annual Financial Report. We believe our current report conforms to these requirements and we are submitting it to ASBO International to determine its eligibility for a certificate from this organization. The District had not applied for the Certificate in any years prior to 2009.

Other Matters

Also included in this report is a statistical section, including additional financial data, that will give the reader a better understanding of the school system. This section has been updated in conformity with the reporting requirements of GASB 44. This section provides information categorized as follows:

1. Financial trend schedules.
2. Revenue capacity schedules.
3. Debt capacity schedules.
4. Demographic and economic information schedules.
5. Operating information schedules.
6. Continuing disclosure information.

We wish to take this opportunity to thank the Business Department staff, in particular, Rick Till and Joan Steffen, that assisted in obtaining and organizing data, the independent auditing firm of Jim Kircher & Associates, P.C., the Dubuque County Auditor and Treasurer Offices and the city and county officials who provided much needed information. Without all of the above groups' efforts, the report could not have been completed.

In summary, the objective of the Comprehensive Annual Financial Report is to provide the general public and other users of the District's financial information a better understanding of the operating activities and financial condition of the District.

Very truly yours,



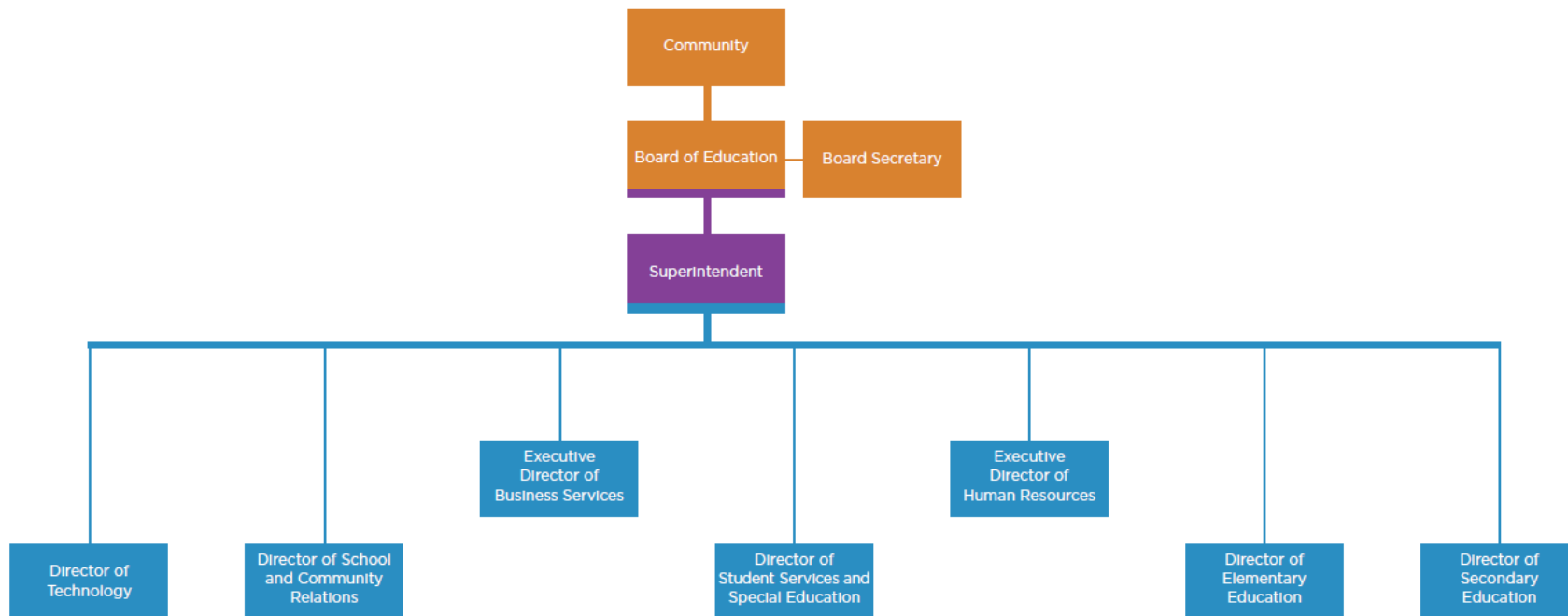
Kevin Kelleher
Executive Director of Finance and Business Services



Stan Rheingans
Superintendent of Schools



ORGANIZATIONAL CHART



Dubuque Community School District

Board of Education

Year Ended June 30, 2018

Term Expires:

Tami Ryan	President	September 2019
Tom Barton	Vice-President	September 2019
Mike Donohue	Board Member	September 2019
Lisa Wittman	Board Member	September 2019
Nancy Bradley	Board Member	September 2021
Jim Prochaska	Board Member	September 2021
Anderson Sainci	Board Member	September 2021

Dubuque Community School District

School District Administration

Year Ended June 30, 2018

Stan Rheingans	Superintendent of Schools
Kevin Kelleher	Executive Director of Finance and Business Services
Phil Kramer	Executive Director of Human Resources

Directors

Coby Culbertson	Director of Technology
Michael Cyze	Director Community/School Relations
David Olson	Director of Secondary Education, Alternative Programs & Staff Development
Cindy Steffens	Director of Elementary Education and Staff Development
Shirley Horstman	Director of Student Services and Special Education

Business Office

Rick Till	Assistant Director of Business Services
Amy VanderMeulen	Manager of Payroll and Benefits
Bill Burkhart	Manager of Buildings and Grounds
Charlie Clasen	Assistant Manager of Buildings and Grounds
Ernie Bolibaugh	Manager of Transportation
Sue Shaul	Assistant Manager of Transportation
Joann Franck	Manager of Food Services
Jackie Ament	Assistant Manager of Food Services

Dubuque Community School District

Consultants and Advisors

Year Ended June 30, 2018

Certified Public Accountants

Jim Kircher & Associates, P.C.
815 Century Drive
Dubuque, IA 52002

Bond Attorneys

Ahlers & Cooney, PC
100 Court Avenue, Suite 600
Des Moines, IA 50309

General Counsel

Fuerste, Carew, Juergens & Sudmeier, P.C.
200 Security Building
151 West 8th Street
Dubuque, IA 52001

Insurance Consultants

The Friedman Group, Inc.
909 Main Street
Dubuque, IA 52001

Financial Advisors

Piper Jaffray
3900 Ingersoll Avenue, Suite 110
Des Moines, IA 50312

Dubuque Community School District

Consultants and Advisors

Year Ended June 30, 2018

Official Depositories

Premier Bank
2625 NW Arterial
Dubuque, IA 52002

American Trust & Savings Bank
895 Main St.
Dubuque, IA 52001

Dubuque Bank & Trust
1398 Central
Dubuque, IA 52001

US Bank
270 W 7th St.
Dubuque, IA 52001

Bankers Trust
453 7th Street
Des Moines, IA 50309

Fidelity Bank & Trust
4250 Asbury Road
Dubuque, IA 52002



**The Certificate of Excellence in Financial Reporting
is presented to**

Dubuque Community School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.', written over a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE
Executive Director

FINANCIAL SECTION

Telephone 563/556-3392

FAX 563/556-3443

Jim Kircher & Associates, P.C.
Certified Public Accountants

815 Century Drive
Dubuque, Iowa 52002

Independent Auditor's Report

To the Board of Education of
Dubuque Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dubuque Community School District, Dubuque, Iowa, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 U.S. generally accepted accounting principles. 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 conducted our audit in accordance with U.S. generally accepted auditing standards 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.

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 and 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 District'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 District'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dubuque Community School District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 15 to the financial statements, Dubuque Community School District adopted new accounting guidance related to Governmental Accounting Standard Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of Net Pension Liability, the Schedule of District Contributions, and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 21 through 33 and 78 through 84 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 which 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dubuque Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The combining nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, and the accompanying Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 U.S. generally accepted auditing standards. In

our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of Dubuque Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dubuque Community School District's internal control over financial reporting and compliance.

JIM KIRCHER & ASSOCIATES, P.C.

Dubuque, Iowa
December 10, 2018

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

Dubuque Community School District (the "District") provides this Management's Discussion and Analysis of its financial statements. The narrative overview and analysis focuses on the financial activities for the fiscal year ended June 30, 2018. Please read this information in conjunction with the District's financial statements, which immediately follow this section.

2018 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities and business type activities were restated by \$(566,505) and \$(19,856), respectively, to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- Funding levels for Iowa K-12 school districts depend principally on two factors: first, changes in enrollment and second, changes in *per pupil district cost*. Of these two factors, changes in *per pupil district cost* normally have the larger impact on District funding. *Per pupil district cost* is an amount annually set by state government. This amount has historically been determined by applying a percentage increase to the prior year's amount. The percentage increase was 1.11% for FY 2017-18, 2.25% for FY 2016-17, 1.25% for FY 2015-16, and 4.0% for FY 2014-15. This percentage amount has a substantial impact on district-funding levels.
- The District's enrollment has been declining slightly in recent years. From October 2017 to 2018, there was a decrease of 77 students. The Iowa Department of Education projects stable enrollment over the next several years.
- General fund revenues increased by \$1.3 million (1.0%) in FY 2017-18. Major components of this change include a \$1.1 million increase in state aid, a \$0.1 million decrease from real estate taxes and a \$0.3 million increase in miscellaneous income.
- General fund expenditures increased by \$3.4 million (2.7%) in this fiscal year. Salaries and benefits comprise 82.8% of general fund expenditures for FY 2017-18 as compared to 83.2% of general fund expenditures for FY 2016-17.
- General fund net change in fund balance increased by \$1.8 million, cash/investments increased by \$2.3 million, and estimated unspent balance increased by \$0.3 million.
- The District monitors the three primary school district financial indicators of cash/investments, solvency ratio, and unspent balance. These indicators are measured at year-end and compared to prior-years' results, state standards, and other districts' results. For FY 2017-18 results please refer to Page 7, Introductory Section, Relevant Financial Policies.
- The District's total net position increased by \$ 5.7 million (6.9%) this fiscal year primarily due to the District increase in property taxes levied for general purposes and unrestricted state grants revenue.

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

- The Local Option Sales Tax, now called the Secure an Advanced Vision for Education ("SAVE") fund is used to build new facilities and improve old ones. The District collected approximately \$9.8 million of sales tax revenue in FY 2017-18 most of which was used to pay construction costs, bond principal and interest, and the District technology plan. The collection amount substantially exceeds revenue projections made in January 2003 when the sales tax referendum first passed.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

Other Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors such as changes in the District's property-tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

1) *Governmental funds:* Most of the District's basic services are included in governmental funds which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more, or fewer, financial resources that can be spent in the near future to finance the District's programs.

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES, continued

The District's governmental funds include the general fund, special revenue funds, debt service fund, and capital projects funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's enterprise fund, one type of proprietary fund, is the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the school nutrition fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include private-purpose trust and agency funds.

- Private-purpose trust fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency funds – These are funds through which the District administers and accounts for certain revenue collected for employee related expenditures.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2018, compared to June 30, 2017.

**Figure A-1:
Condensed Statement of Net Position
June 30,**

	Governmental Activities		Business-type Activities		Total District		Total Percentage Change
	2017	2018	2017	2018	2017	2018	2017-18
Current and other assets	\$116,737,845	\$122,210,812	\$1,608,707	\$2,099,450	\$118,346,552	\$124,310,262	5.0%
Capital assets	147,676,891	158,762,508	150,046	125,918	147,826,937	158,888,426	7.5%
Total assets	\$264,414,736	\$280,973,320	\$1,758,753	\$2,225,368	\$266,173,489	\$283,198,688	6.4%
Deferred outflows of resources	\$ 27,682,421	\$ 32,936,937	\$ 882,614	\$ 788,012	\$ 28,565,035	\$ 33,724,949	18.1%
Current liabilities	\$ 17,750,951	\$ 17,534,144	\$ 35,848	\$ 32,492	\$ 17,786,799	\$ 17,566,636	(1.2%)
Long-term liabilities	130,282,770	140,782,106	1,953,106	2,014,097	132,235,876	142,796,203	8.0%
Total liabilities	\$148,033,721	\$158,316,250	\$1,988,954	\$2,046,589	\$150,022,675	\$160,362,839	6.9%
Deferred inflows of resources	\$ 59,660,894	\$ 66,707,912	\$ 872,777	\$ 512,423	\$ 60,533,671	\$ 67,220,335	11.0%
Net position:							
Net investment in capital assets	\$ 95,329,568	\$ 96,224,508	\$ 150,046	\$ 125,918	\$ 95,479,614	\$ 96,350,426	0.9%
Restricted	32,225,976	34,215,991	0	0	32,225,976	34,215,991	6.2%
Unrestricted	(43,719,507)	(41,554,404)	(390,266)	328,450	(44,109,773)	(41,225,954)	6.5%
Total net position	\$ 83,836,037	\$ 88,886,095	\$ (240,220)	\$ 454,368	\$ 83,595,817	\$ 89,340,463	6.9%

The District's total net position increased 6.9%, or \$5,744,646, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. 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. The District's restricted net position increased approximately \$1,990,015 or 6.2%, over the prior year.

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$2,297,458, or 5.3%. This addition in unrestricted net position was primarily a result of changes in the District's pension related deferred outflows recorded in the current year.

(continued on the next page)

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

Figure A-2 shows the change in net position for the year ended June 30, 2018, compared to the year ended June 30, 2017.

**Figure A-2:
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2017	2018	2017	2018	2017	2018	2017-18
Revenues							
Program revenues							
Charges for services	\$ 4,924,059	\$ 4,320,224	\$2,278,192	\$2,330,063	\$ 7,202,251	\$ 6,650,287	(7.7%)
Operating grant and contributions	23,956,058	24,295,563	3,295,236	3,403,623	27,251,294	27,699,186	1.6%
General revenues							
Property taxes and other taxes	61,263,836	61,919,895	0	0	61,263,836	61,919,895	1.1%
Unrestricted state grants	56,993,386	57,579,981	0	0	56,993,386	57,579,981	1.0%
Other	1,135,988	2,559,371	9,221	25,880	1,145,209	2,585,251	125.7%
Total revenues	\$148,273,327	\$150,675,034	\$5,582,649	\$5,759,566	\$153,855,976	\$156,434,600	1.7%
Expenses							
Instruction	\$ 88,116,297	\$ 88,850,485	\$ 0	\$ 0	\$ 88,116,297	\$ 88,850,485	0.8%
Support services and instructional services	12,269,616	12,845,251	0	0	12,269,616	12,845,251	4.7%
Administrative and business	12,460,130	15,207,607	0	0	12,460,130	15,207,607	22.1%
Maintenance and operations	11,783,955	12,136,150	0	0	11,783,955	12,136,150	3.0%
Transportation	5,054,682	4,724,735	0	0	5,054,682	4,724,735	(6.5%)
Non-instructional	204,787	83,212	5,503,873	4,784,514	5,708,660	4,867,726	(14.7%)
Other	12,145,273	11,777,536	0	280,464	12,145,273	12,058,000	(0.7%)
Total expenses	\$142,034,740	\$145,624,976	\$5,503,873	\$5,064,978	\$147,538,613	\$150,689,954	2.1%
Change in net position	\$ 6,238,587	\$ 5,050,058	\$ 78,776	\$ 694,588	\$ 6,317,363	\$ 5,744,646	(9.1%)
Beginning net position, as restated	78,163,955	83,836,037	(299,140)	(240,220)	77,864,815	83,595,817	7.4%
Ending net position	\$ 84,402,542	\$ 88,886,095	\$ (220,364)	\$ 454,368	\$ 84,182,178	\$ 89,340,463	6.1%

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

In fiscal year 2018, general revenues property taxes and other taxes and unrestricted state grants accounted for 79.3% of governmental activities revenue while program charges for service and operating grants, contributions, and restricted interest accounted for 99.6% of business-type activities revenue. The District's total revenues were approximately \$156.4 million, of which approximately \$150.7 million was for governmental activities and approximately \$ 5.7 million was for business-type activities.

As shown in Figure A-2, the District as a whole experienced a 1.7% increase in revenues and a 2.1% increase in expenses. Operating grants and contributions increased approximately \$0.4 million, unrestricted state grants increased approximately \$0.6 million and property tax increased approximately \$0.7 million. The increase in expenses is mainly related to increases in negotiated salaries and benefits.

Governmental Activities

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs, and other expenses.

**Figure A-3:
Total and Net Cost of Governmental Activities
Years Ended June 30,**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2017	2018	2017-18	2017	2018	2017-18
Instruction	\$ 88,116,297	\$ 88,850,485	0.8%	\$ 66,669,740	\$ 68,051,825	2.1%
Support services and instructional services	12,269,616	12,845,251	4.7%	10,373,697	10,744,880	3.6%
Administrative and business	12,460,130	15,207,607	22.1%	12,460,130	15,207,607	22.1%
Maintenance and operations	11,783,955	12,136,150	3.0%	11,783,955	12,136,150	3.0%
Transportation	5,054,682	4,724,735	(6.5%)	4,531,681	4,199,317	(7.3%)
Non-instructional	204,787	83,212	(59.4%)	204,787	83,212	(59.4%)
Other	12,145,273	11,777,536	(3.0%)	7,130,633	6,586,198	(7.6%)
Total	\$142,034,740	\$145,624,976	2.5%	\$113,154,623	\$117,009,189	3.4%

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

Business-Type Activities

District maintains only one activity within the business-type activities classification, and this is its school nutrition fund. School nutrition fund revenues increased by \$176,917 over the prior year which represents a 3.2% increase. The school nutrition fund balances increased this year mainly due to the implementation of GASB 75.

INDIVIDUAL FUND ANALYSIS

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its government funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$51,178,230, above last year's ending fund balance of \$47,617,474. The primary reasons for the increase in combined fund balance at the end of the fiscal year 2018 are because of the cash reserve levy in the general fund and the increase in bond payment at July 1, 2018 as compared to July 1, 2017 in the debt service fund.

Governmental Fund Highlights

- The District's general fund cash/investment balance, fund balance and unspent balance all increased in the 2017-18 fiscal year. At June 30, 2018, the estimated unspent balance was \$12,116,878.
- Salaries and benefits comprise about 82.8% of the general fund expenditures. These expenditures increased \$2,251,386 due primarily to the negotiated settlements with the District's eight different bargaining units.
- The physical plant and equipment levy (PPEL) fund balance increased by \$646,894 in FY 2017-18. The District carefully monitors this fund to ensure balances are carried over from year-to-year in order to meet possible unexpected emergency costs and also to take advantage of property acquisition opportunities.
- Within the statewide sales, services, and use tax fund, revenues are generated by two main sources. They are the issuance of sales tax revenue bonds and sales taxes generated by statewide retail purchases. The statewide sales tax is now called Secure an Advanced Vision for Education (SAVE), formerly the Local Option Sales Tax (LOST). With regards to SAVE, the legislature recently passed legislation which did two things; first created a sunset date that this new provision would be in effect through June 30, 2029; and second, created a provision which required all collections of sales tax funds be put into a statewide pool which is then distributed on a district per pupil basis. For the 2017-18 fiscal year, the District received \$9,831,721 in sales tax revenue and issued \$10,000,000 of revenue bonds. These dollars were used to fund ongoing capital projects.

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

Proprietary Fund Highlights

As stated previously, the school nutrition fund is the only proprietary fund maintained by the District. The nutrition fund change in net position increased mostly from a change in valuation of pension related deferred inflows.

BUDGETARY HIGHLIGHTS

The District maintains two types of budgets. The first is the *certified budget* which must meet certain state publication and monitoring requirements and is filed in April for the following year. The second is a management budget (sometimes called *line-item* budget) which is used by District administration to control and monitor expenditures. The *certified budget* needs to be tabulated in the following four functional areas: instruction, total support services, non-instructional programs, and total other expenditures. The District amended its original budget in 2017-18 for an increase in expenditures from \$169,014,856 to \$172,514,856 to reflect expenses originally budgeted in one functional area but were expended from a different functional area.

A schedule showing the original and amended budget amounts compared to the District's actual financial activity is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had invested \$158.9 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, infrastructure equipment, and transportation equipment. The year-end balance is an 7.5% increase over the prior year. More detailed information about the District's capital assets is presented in its Note 4 to the Financial Statements. Depreciation expense for the year was \$6,509,550.

The District is collecting approximately \$10 million annually in sales tax revenue so it is anticipated capital assets will continue to increase over the course of sales tax collection.

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION, continued

**Figure A-4
Capital Assets, Net of Depreciation
June 30, 2018**

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2017	2018	2017	2018	2017	2018	2017-18
Land	\$ 7,492,362	\$7,479,048	\$ 0	\$ 0	\$ 7,492,362	\$7,479,048	(0.2%)
Construction in progress	15,931,192	29,207,591	0	0	15,931,192	29,207,591	83.3%
Buildings and improvements	106,608,188	104,652,841	0	0	106,608,188	104,652,841	(1.8%)
Land improvements	11,727,797	11,193,968	0	0	11,727,797	11,193,968	(4.6%)
Furniture and equipment	5,917,352	6,229,060	150,046	125,918	6,067,398	6,354,978	4.7%
Total	\$147,676,891	\$158,762,508	\$150,046	\$125,918	\$147,826,937	\$158,888,426	7.5%

The District currently has a bus replacement plan whereby it normally purchases six to ten school buses each year. The Board's intent is to retain only school buses that are ten years old or newer.

The District continued work on the \$30,000,000 remodel/renovation/addition at Senior High School which involves an additional gymnasium, cafeteria, library, and administrative area. Construction work was completed around September 30, 2018.

Long-term Debt

At June 30, 2018, the District had \$62,538,000 in revenue bond debt outstanding. This represents an increase of approximately 14.7% from the prior year and results from bond principal paid during the year. The majority of the outstanding debt is secured by a first lien against sales tax collections. See Note 5 to the Financial Statements for additional information.

**Figure A-5
Outstanding Long-term Bond Obligations
June 30, 2018**

	Total District		Total Change
	2017	2018	2017-18
Revenue bonds	\$54,513,000	\$62,538,000	\$8,025,000

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its future financial health:

- The level of *unspent balance* has slightly increased in recent years despite the low percentages of State Supplemental Aid. This is because the District has prioritized maintaining financial goals. For FY 2018-19 the percentage increase in State Supplemental Aid is 1.0% so the District will need to monitor expenditures and how they affect future years' unspent balance. The budget planning for the District has become more difficult in recent years. In the past, the State legislature was legally required to set the State Supplemental Aid rate approximately sixteen months in advance of the start of the fiscal year. They had a difficult time meeting that requirement in recent years so in the spring of 2017, the State legislature changed the law to be four months before the start of the fiscal year. This reduced period makes it extremely difficult for districts to make long-term budget plans. The State legislature in 2017 also significantly changed the rules involving collective bargaining as a way to help districts budget more effectively. The results of this change are yet to be determined. Additions to *unspent balance* are controlled by the State of Iowa. The District continues to apply to the State School Budget Review Committee for *modified allowable growth* (a direct addition to *unspent balance*) whenever possible. District administration will continue to work with the State of Iowa Department of Education to ascertain when requests for *modified allowable growth* are appropriate.
- The Instructional Support Levy (ISL) is used to support a variety of education programs including the following:
 - ◆ Full-day, every day kindergarten in every elementary school.
 - ◆ Grades K-3 class-size reduction.
 - ◆ Upgrading outdated equipment in classrooms, science and industrial technology labs, print centers, and the transportation department.
 - ◆ Restoration of site-based funding that was discontinued in prior years.

On September 12, 2017, the District's voters approved extending the ISL at 10% for an additional 10-year period going from 2019-20 through 2028-29. The election received an 80% yes vote.

- On September 13, 2016, the District's voters approved extending the Physical Plant and Equipment Levy for an additional 10-year period going from 2017-18 through 2026-27. The election received an 80% yes vote.
- Both of these elections show the strong community support of the Dubuque Community School District.

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2018

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE, continued

- District employees are covered by the Iowa Public Employees Retirement System (IPERS). This system has experienced recent-year increases in its unfunded actuarial liability resulting in a change to both employer and employee contribution rates. Wage levels will likely rise due to inflation and negotiated settlements. The IPERS' rate for the upcoming fiscal years is scheduled to remain unchanged.
- The District created a 10-Year Facility Plan in fiscal year 2013. The plan shows the upcoming 10 years of projects that are scheduled to be completed at each District location along with the source of funding used to pay for the project. The plan is updated, reviewed, and approved annually by the Board of Education. The plan allows for flexibility if circumstances change and an unexpected project needs to be accelerated or added. The plan also includes a future project priorities list, which may be included subject to legislative proposals regarding the extension of the sales tax sunset provisions past 2029.
- In October 2018, the District issued \$9,455,000 of School Infrastructure Sales, Services and Use Tax Revenue Bonds for the completion of renovations at Senior High School, and the Alta Vista Campus addition.
- Iowa school district funding faces many challenges in future years. Approximately \$85 million of District revenues (primarily state aid) come from sources that are funded by state income, sales, and use taxes. The state of the economy impacts Iowa general fund revenues. These revenues ultimately support state school aid. Recently, the Iowa Revenue Estimating Committee (REC) has projected a small increase in state revenues for the 2018-19 fiscal year. This continues to be a concern to the legislature about the State's ability to meet the current year budget expenditures. How that concern will be reflected in school funding is yet to be determined.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kevin Kelleher, Executive Director of Finance and Business Services, Dubuque Community School District, 2300 Chaney Road, Dubuque, Iowa 52001.

Basic Financial Statements

Dubuque Community School District
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 62,990,766	\$1,934,368	\$ 64,925,134
Receivables:			
Property tax:			
Delinquent	348,567	0	348,567
Succeeding year	54,245,230	0	54,245,230
Accounts	88,774	1,429	90,203
Interest	51,336	0	51,336
Due from other governments	4,125,897	11,139	4,137,036
Inventories	350,242	152,514	502,756
Security deposit	10,000	0	10,000
Total current assets	<u>\$122,210,812</u>	<u>\$2,099,450</u>	<u>\$124,310,262</u>
Non-current assets:			
Capital assets not being depreciated	\$ 36,686,639	\$ 0	\$ 36,686,639
Capital assets net of accumulated depreciation/amortization	122,075,869	125,918	122,201,787
Total non-current assets	<u>\$158,762,508</u>	<u>\$ 125,918</u>	<u>\$158,888,426</u>
Total assets	<u>\$280,973,320</u>	<u>\$2,225,368</u>	<u>\$283,198,688</u>
Deferred Outflows of Resources:			
Pension related deferred outflows	32,936,937	788,012	33,724,949
Total deferred outflows of resources	<u>\$ 32,936,937</u>	<u>\$ 788,012</u>	<u>\$ 33,724,949</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 2,259,425	\$ 1,892	\$ 2,261,317
Salaries and benefits payable	13,156,279	30,600	13,186,879
Early retirement payable	617,250	0	617,250
Due to other governments	638,791	0	638,791
Security deposit payable	10,000	0	10,000
Accrued interest payable	852,399	0	852,399
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	3,079,000	0	3,079,000
Compensated absences	639,765	0	639,765
Portion due after one year:			
Revenue bonds	59,459,000	0	59,459,000
Net pension liability	67,588,655	1,663,063	69,251,718
Net OPEB liability	10,015,686	351,034	10,366,720
Total liabilities	<u>\$158,316,250</u>	<u>\$2,046,589</u>	<u>\$160,362,839</u>
Deferred Inflows of Resources:			
Succeeding year property tax	\$ 54,245,230	\$ 0	\$ 54,245,230
OPEB related deferred inflows	11,785,707	376,764	12,162,471
Pension related deferred inflows	571,368	20,026	591,394
Other	105,607	115,633	221,240
Total deferred inflows of resources	<u>\$ 66,707,912</u>	<u>\$ 512,423</u>	<u>\$ 67,220,335</u>
Net position:			
Net investment in capital assets	\$ 96,224,508	\$ 125,918	\$ 96,350,426
Restricted for:			
Categorical funding	1,020,411	0	1,020,411
Student activities	880,565	0	880,565
Management levy	7,705,637	0	7,705,637
Physical plant and equipment levy	4,519,310	0	4,519,310
Capital projects	12,733,254	0	12,733,254
Debt service	7,356,814	0	7,356,814
Unrestricted	(41,554,404)	328,450	(41,225,954)
Total net position	<u>\$ 88,886,095</u>	<u>\$ 454,368</u>	<u>\$ 89,340,463</u>

See notes to financial statements.

Dubuque Community School District
Statement of Activities
Year Ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Governmental Activities	Business-type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 48,368,598	\$1,147,850	\$ 8,381,487	\$ (38,839,261)	\$ 0	\$ (38,839,261)
Special instruction	26,876,170	1,426,454	7,873,644	(17,576,072)	0	(17,576,072)
Other instruction	13,605,717	1,670,224	299,001	(11,636,492)	0	(11,636,492)
	<u>\$ 88,850,485</u>	<u>\$4,244,528</u>	<u>\$16,554,132</u>	<u>\$ (68,051,825)</u>	<u>\$ 0</u>	<u>\$ (68,051,825)</u>
Support services:						
Student services	\$ 7,291,748	\$ 0	\$ 417,923	\$ (6,873,825)	\$ 0	\$ (6,873,825)
Instructional staff services	5,553,503	0	1,682,448	(3,871,055)	0	(3,871,055)
Administration services	15,207,607	0	0	(15,207,607)	0	(15,207,607)
Operation & maintenance of plant services	12,136,150	0	0	(12,136,150)	0	(12,136,150)
Transportation services	4,724,735	75,696	449,722	(4,199,317)	0	(4,199,317)
	<u>\$ 44,913,743</u>	<u>\$ 75,696</u>	<u>\$ 2,550,093</u>	<u>\$ (42,287,954)</u>	<u>\$ 0</u>	<u>\$ (42,287,954)</u>
Non-instructional programs	<u>\$ 83,212</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (83,212)</u>	<u>\$ 0</u>	<u>\$ (83,212)</u>
AEA flowthrough	\$ 5,191,338	\$ 0	\$ 5,191,338	\$ 0	\$ 0	\$ 0
Interest and other charges	1,705,232	0	0	(1,705,232)	0	(1,705,232)
Depreciation and other expenses (unallocated)*	4,880,966	0	0	(4,880,966)	0	(4,880,966)
	<u>\$ 11,777,536</u>	<u>\$ 0</u>	<u>\$ 5,191,338</u>	<u>\$ (6,586,198)</u>	<u>\$ 0</u>	<u>\$ (6,586,198)</u>
Total governmental activities	\$145,624,976	\$4,320,224	\$24,295,563	\$(117,009,189)	\$ 0	\$(117,009,189)
Business-type activities:						
Non-instructional programs:						
Nutrition services	\$ 4,784,514	\$2,330,063	\$ 3,403,623	\$ 0	\$ 949,172	\$ 949,172
Total	<u>\$150,409,490</u>	<u>\$6,650,287</u>	<u>\$27,699,186</u>	<u>\$(117,009,189)</u>	<u>\$ 949,172</u>	<u>\$(116,060,017)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 48,216,727	\$ 0	\$ 48,216,727
Capital outlay				3,871,447	0	3,871,447
Local option sales tax				9,831,721	0	9,831,721
Unrestricted state grants				57,579,981	0	57,579,981
Unrestricted investment earnings				757,317	25,880	783,197
Miscellaneous				1,521,590	0	1,521,590
Total general revenues				<u>\$ 121,778,783</u>	<u>\$ 25,880</u>	<u>\$ 121,804,663</u>
Transfers				280,464	(280,464)	0
Total general revenues and transfers				<u>\$ 122,059,247</u>	<u>\$(254,584)</u>	<u>\$ 121,804,663</u>
Change in net position				\$ 5,050,058	\$ 694,588	\$ 5,744,646
Net position beginning of year, as restated				83,836,037	(240,220)	83,595,817
Net position end of year				<u>\$ 88,886,095</u>	<u>\$ 454,368</u>	<u>\$ 89,340,463</u>

* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements.

Dubuque Community School District
Balance Sheet
Governmental Funds
June 30, 2018

		General	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investment		\$29,544,861	\$16,898,688	\$16,547,217	\$ 62,990,766
Receivables:					
Property tax:					
Delinquent		304,231	23,910	20,426	348,567
Succeeding year		47,208,131	4,037,099	3,000,000	54,245,230
Accounts		88,774	0	0	88,774
Interest		23,277	0	28,059	51,336
Due from other governments		3,292,962	832,935	0	4,125,897
Inventories		350,242	0	0	350,242
Security deposit		10,000	0	0	10,000
Total assets		\$80,822,478	\$21,792,632	\$19,595,702	\$122,210,812
Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities:					
Accounts payable		\$ 1,737,405	\$ 495,722	\$ 26,298	\$ 2,259,425
Salaries and benefits payable		13,153,329	0	2,950	13,156,279
Early retirement payable		0	0	617,250	617,250
Due to other governments		638,791	0	0	638,791
Security deposit payable		10,000	0	0	10,000
Total liabilities		\$15,539,525	\$ 495,722	\$ 646,498	\$ 16,681,745
Deferred inflows of resources:					
Succeeding year property tax		\$47,208,131	\$ 4,037,099	\$ 3,000,000	\$ 54,245,230
Other		92,172	7,247	6,188	105,607
Total deferred inflows of resources		\$47,300,303	\$ 4,044,346	\$ 3,006,188	\$ 54,350,837
Fund balances:					
Non-spendable:					
Inventory		\$ 350,242	\$ 0	\$ 0	\$ 350,242
Restricted for:					
Categorical funding		1,020,411	0	0	1,020,411
Debt service		0	0	7,356,814	7,356,814
Management levy purposes		0	0	7,705,637	7,705,637
Student activities		0	0	880,565	880,565
School infrastructure		0	12,733,254	0	12,733,254
Physical plant and equipment levy		0	4,519,310	0	4,519,310
Unassigned		16,611,997	0	0	16,611,997
Total fund balances		\$17,982,650	\$17,252,564	\$15,943,016	\$ 51,178,230
Total liabilities, deferred inflows of resources and fund balance		\$80,822,478	\$21,792,632	\$19,595,702	\$122,210,812

See notes to financial statements.

Dubuque Community School District
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
Year Ended June 30, 2018

Total fund balances of governmental funds (page 37) \$ 51,178,230

Amounts reported for 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 as assets in the governmental funds. 158,762,508

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (852,399)

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 governmental funds, as follows:

Deferred outflows of resources	\$ 32,936,937	
Deferred inflows of resources	<u>(12,357,075)</u>	
		20,579,862

Long-term liabilities, including bonds payable, compensated absences, and other post-employment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Compensated absences	\$ (639,765)	
Bonds payable	(62,538,000)	
Net OPEB liability	(10,015,686)	
Pension liability	<u>(67,588,655)</u>	
		<u>(140,782,106)</u>

Net position of governmental activities (page 35) \$ 88,886,095

See notes to financial statements.

Dubuque Community School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 45,213,543	\$ 3,871,447	\$ 3,003,183	\$ 52,088,173
Tuition	1,866,027	0	0	1,866,027
Other	2,498,667	781,956	1,873,802	5,154,425
State sources	74,644,943	9,963,157	95,481	84,703,581
Federal sources	6,582,364	0	0	6,582,364
Total revenues	\$130,805,544	\$14,616,560	\$ 4,972,466	\$150,394,570
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 47,394,418	\$ 485,043	\$ 563,702	\$ 48,443,163
Special instruction	26,366,029	0	95,290	26,461,319
Other instruction	12,264,057	0	1,649,134	13,913,191
	\$ 86,024,504	\$ 485,043	\$ 2,308,126	\$ 88,817,673
Support services:				
Student services	\$ 6,760,484	\$ 154,535	\$ 57,961	\$ 6,972,980
Instructional staff services	5,405,422	0	143,621	5,549,043
Administration services	12,141,130	2,361,283	382,747	14,885,160
Operation and maintenance of plant services	9,772,332	805,084	1,651,986	12,229,402
Transportation services	4,054,393	908,787	362,518	5,325,698
	\$ 38,133,761	\$ 4,229,689	\$ 2,598,833	\$ 44,962,283
Non-instructional programs	\$ 52,515	\$ 53,800	\$ 153,296	\$ 259,611
Other expenditures:				
Facilities acquisition	\$ 0	\$15,970,203	\$ 0	\$ 15,970,203
Debt service:				
Principal	0	0	1,975,000	1,975,000
Interest and other charges	0	94,184	1,530,888	1,625,072
AEA flowthrough	5,191,338	0	0	5,191,338
	\$ 5,191,338	\$16,064,387	\$ 3,505,888	\$ 24,761,613
Total expenditures	\$129,402,118	\$20,832,919	\$ 8,566,143	\$158,801,180
Excess (deficiency) of revenues over (under) expenditures	\$ 1,403,426	\$ (6,216,359)	\$ (3,593,677)	\$ (8,406,610)
Other financing sources (uses):				
Revenue bonds issued	\$ 0	\$10,000,000	\$ 0	\$ 10,000,000
Compensation for loss of capital assets	72,650	1,573,745	0	1,646,395
Sales of property and equipment	40,507	0	0	40,507
Transfers in	288,913	0	4,707,779	4,996,692
Transfers out	(51,285)	(4,656,494)	(8,449)	(4,716,228)
Total other financing sources (uses):	\$ 350,785	\$ 6,917,251	\$ 4,699,330	\$ 11,967,366
Net change in fund balances	\$ 1,754,211	\$ 700,892	\$ 1,105,653	\$ 3,560,756
Fund balances beginning of year	16,228,439	16,551,672	14,837,363	47,617,474
Fund balances end of year	\$ 17,982,650	\$17,252,564	\$15,943,016	\$ 51,178,230

See notes to financial statements.

Dubuque Community School District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
Year Ended June 30, 2018

Net change in fund balances – total governmental funds (page 39) **\$ 3,560,756**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 17,652,080	
Depreciation expense	<u>(6,483,705)</u>	
		11,168,375

Proceeds from the sale of property and equipment are reported in the governmental funds, however, in the Statement of Activities, it is netted against the book value of the assets being deleted and only the gain portion is recognized.

Book value of assets retired this year. (82,758)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issues, as

Issued	\$(10,000,000)	
Repaid	<u>1,975,000</u>	
		(8,025,000)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (80,160)

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 7,894,850

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	\$ (15,947)	
OPEB expense	(314,894)	
Pension expense	<u>(9,055,164)</u>	
		<u>(9,386,005)</u>

Change in net position of governmental activities (page 36) **\$ 5,050,058**

See notes to financial statements.

Dubuque Community School District
Statement of Net Position
Proprietary Fund
June 30, 2018

	<u>School Nutrition</u>
Assets:	
Current assets:	
Cash	\$1,934,368
Other receivables	1,429
Due from other governments	11,139
Inventories	<u>152,514</u>
Total current assets	\$2,099,450
Non-current assets:	
Capital assets, net of accumulated depreciation	<u>125,918</u>
Total assets	<u>\$2,225,368</u>
Deferred Outflows of Resources:	
Pension related deferred outflows	<u>\$ 788,012</u>
Total deferred outflows of resources	<u>\$ 788,012</u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 1,892
Salaries and benefits payable	30,600
Long-term liabilities:	
Net pension liability	1,663,063
Net OPEB liability	<u>351,034</u>
Total liabilities	<u>\$2,046,589</u>
Deferred Inflows of Resources:	
Pension related deferred inflows	\$ 376,764
OPEB related deferred inflows	20,026
Other	<u>115,633</u>
Total deferred inflows of resources	<u>\$ 512,423</u>
Net Position:	
Investment in capital assets	\$ 125,918
Unrestricted	<u>328,450</u>
Total net position	<u>\$ 454,368</u>

See notes to financial statements.

Dubuque Community School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2018

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for service	\$ 2,324,143
Other	<u>5,920</u>
Total operating revenue	\$ 2,330,063
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 1,851,372
Benefits	536,324
Purchased services	2,037
Supplies	2,363,116
Depreciation	25,845
Loss on disposal of assets	<u>5,820</u>
Total operating expenses	\$ 4,784,514
Operating loss	\$(2,454,451)
Non-operating revenue:	
State sources	\$ 41,838
Federal sources	3,361,785
Interest on investments	<u>25,880</u>
Total non-operating revenue	\$ 3,429,503
Net income before transfers	\$ 975,052
Transfers in	0
Transfers out	<u>(280,464)</u>
Change in net position	\$ 694,588
Net position beginning of year, as restated	<u>(240,220)</u>
Net position end of year	<u>\$ 454,368</u>

See notes to financial statements.

Dubuque Community School District
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2018

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 2,302,946
Cash received from miscellaneous operating activities	40,710
Cash payments to employees for services	(2,631,892)
Cash payments to suppliers for goods or services	<u>(2,026,491)</u>
Net cash used in operating activities	<u>\$(2,314,727)</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 41,838
Federal grants received	3,001,463
Transfers from other funds	0
Transfers to other funds	<u>(280,464)</u>
Net cash provided by non-capital financing activities	<u>\$ 2,762,837</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (7,538)
Cash flows from investing activities:	
Interest on investments	<u>25,880</u>
Net increase in cash and cash equivalents	\$ 466,452
Cash and cash equivalents at beginning of year	<u>1,467,916</u>
Cash and cash equivalents at end of year	<u>\$ 1,934,368</u>

(continued)

See notes to financial statements.

Dubuque Community School District
Statement of Cash Flows (continued)
Proprietary Fund
Year Ended June 30, 2018

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$(2,454,451)
Adjustments to reconcile operating loss to net cash used in operation activities:	
Commodities used	365,771
Depreciation	25,845
Loss on disposal of assets	5,820
(Decrease) in other receivables	(1,429)
(Decrease) in inventories	(28,310)
Increase in accounts payable	1,143
(Decrease) in salaries and benefits payable	(4,499)
Increase in net pension liability	50,125
Decrease in deferred outflows of resources	94,602
(Decrease) in deferred inflows of resources	(360,354)
(Decrease) in net OPEB liability	<u>(8,990)</u>
Net cash used in operating activities	<u><u>\$(2,314,727)</u></u>

Non-cash investing, capital, and financial activities:

During the year ended June 30, 2018, the District received \$365,771 of Federal commodities.

See notes to financial statements.

Dubuque Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Private Purpose Trust</u>	<u>Agency</u>
	<u>Scholarship</u>	
Assets:		
Cash	\$158,001	\$28,072
Liabilities:		
Other payables	<u>0</u>	<u>28,072</u>
Net Position:		
Reserved for scholarships	<u>\$158,001</u>	<u>\$ 0</u>

See notes to financial statements.

Dubuque Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2018

	<u>Private Purpose Trust</u>
	<u>Total</u>
Additions:	
Local sources:	
Other local sources	\$ 25,601
Interest on investments	<u>2,076</u>
Total revenues	<u>\$ 27,677</u>
Deductions:	
Instruction:	
Regular instruction:	
Other	<u>\$ 10,923</u>
Change in net position	\$ 16,754
Net position beginning of year	<u>141,247</u>
Net position end of year	<u><u>\$158,001</u></u>

See notes to financial statements.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 1: Summary of Significant Accounting Policies

Dubuque Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Dubuque, Iowa, portions of Dubuque County and Jackson County, Iowa. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Dubuque Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Dubuque Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the City of Dubuque and Dubuque Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for service.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 1: Summary of Significant Accounting Policies: (continued)

B. Basis of Presentation: (continued)

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 1: Summary of Significant Accounting Policies: (continued)

B. Basis of Presentation: (continued)

The other governmental funds of the District are considered nonmajor and are as follows:

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Special Revenue Funds account for and reports the proceeds to specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position.

The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations, and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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 government considers revenues to be available if they are collected within sixty (60) days after year end.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 1: Summary of Significant Accounting Policies: (continued)

C. Measurement Focus and Basis of Accounting: (continued)

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds, which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise 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 non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments, and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 1: Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity: (continued)

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.

Property Tax Receivable – Property tax in the governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2016, assessed property valuations; is for the tax accrual period July 1, 2017, through June 30, 2018, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2017.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. The costs of governmental fund and proprietary fund inventories are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, equipment, and intangibles are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at their fair market value as of the date received. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. District machinery and equipment with a cost of more than \$5,000 will be capitalized. The Nutrition Fund equipment is capitalized with a cost of more than \$500.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 1: Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity: (continued)

Property, furniture, equipment, and intangibles are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Buildings	50 years
Improvements to buildings and sites	20 years
Furniture and equipment	5-12 years
Intangibles	3-5 years

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, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements for all employees. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

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 the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 1: Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity: (continued)

Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

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 District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which 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 represents 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 unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty (60) days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws, or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 1: Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity: (continued)

Assigned – Amounts constrained by the District's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the executive director of finance and business services.

Unassigned – All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, and then unassigned fund balances.

E. Budgets and Budgetary Accounting

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

F. Subsequent Events

Management has evaluated for subsequent events through December 10, 2018, the date the financial statements were available to be issued. Based on that evaluation, there are three material subsequent events – See Note 12.

Note 2: Cash and Pooled Investments

As of June 30, 2018, the book balance of the District's petty cash totaled \$12,555 and the cash deposit balances totaled \$61,720,997.

As of June 30, 2018, the District had investments as follows:

<u>Investment</u>	<u>Type</u>	<u>Issue Date</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Amount</u>
Iowa Schools Joint Investment Trust (ISJIT)	Certificate of Deposit	06/24/16	36 months	06/24/19	\$ 781,655
Dubuque Bank & Trust	Certificate of Deposit	05/22/12	134 months	07/01/23	\$1,000,000
Iowa Schools Joint Investment Trust (ISJIT)	Certificate of Deposit	01/15/15	65 months	06/20/20	<u>\$1,596,000</u>
					<u>\$3,377,655</u>

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 2: Cash and Pooled Investments: (continued)

Interest Rate Risk: The District's investment policy limits the investments of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in 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 District.

Credit Risk: The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; 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. The District has no investment policies that would further limit its investment choices.

Concentration of Credit Risk: The District's general investment policy is to apply the prudent-person rule: In making investments, the District will exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use to meet the goals of the investment program.

Custodial Credit Risk: For deposits and investments, this is the risk that, in the event of bank failure, the District's deposits may not be returned to it. Chapter 12C of the Code of Iowa requires all District deposits in banks to be entirely covered by federal depository insurance or by the State Sinking Fund. As of June 30, 2018, the District had no deposits or investments subject to custodial credit risk.

The following is a reconciliation of cash and investments as shown on the financial statements:

Petty cash	\$ 12,555
Cash deposits	61,720,997
Investments	<u>3,377,655</u>
	<u>\$65,111,207</u>
 Governmental activities	 \$62,990,766
Business-type activities	1,934,368
Fiduciary funds:	
Private Purpose Trust	158,001
Agency	<u>28,072</u>
	<u>\$65,111,207</u>

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 3: Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2018, is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Student Activity	\$ 8,449
Debt Service	Capital Projects	4,656,494
General	Proprietary	280,464
Special Revenue: Student Activity	General	<u>51,285</u>
Total		<u>\$4,996,692</u>

Transfers generally move revenue from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 4: Capital Assets – See next page

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 4: Capital Assets

Capital assets activity for the year ended June 30, 2018, is as follows:

	Balance Beginning of Year	Increases / Reclassifications	(Decreases)	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 7,492,362	\$ 0	\$ (13,314)	\$ 7,479,048
Construction in progress	15,931,192	14,820,710	(1,544,311)	29,207,591
Total capital assets not being depreciated	\$ 23,423,554	\$14,820,710	\$ (1,557,625)	\$ 36,686,639
Capital assets being depreciated:				
Buildings and improvements	\$156,070,081	\$ 1,980,115	\$ 0	\$158,050,196
Land improvements	18,949,037	260,092	0	19,209,129
Furniture and equipment	21,419,160	2,120,764	(1,041,469)	22,498,455
Total capital assets being depreciated	\$196,438,278	\$ 4,360,971	\$ (1,041,469)	\$199,757,780
Less accumulated depreciation for:				
Buildings and improvements	\$ 49,461,893	\$ 3,935,462	\$ 0	\$ 53,397,355
Land improvements	7,221,240	793,921	0	8,015,161
Furniture and equipment	15,501,808	1,754,322	(986,735)	16,269,395
Total accumulated depreciation	\$ 72,184,941	\$ 6,483,705	\$ (986,735)	\$ 77,681,911
Total capital assets being depreciated, net	\$124,253,337	\$ (2,122,734)	\$ (54,734)	\$122,075,869
Governmental activities capital assets, net	\$147,676,891	\$12,697,976	\$ (1,612,359)	\$158,762,508
Business-type Activities:				
Furniture and equipment	\$ 1,477,891	\$ 7,538	\$ (245,627)	\$ 1,239,802
Less accumulated depreciation	1,327,845	25,845	(239,806)	1,113,884
Business-type activities capital assets, net	\$ 150,046	\$ (18,307)	\$ (5,821)	\$ 125,918

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 4: Capital Assets: (continued)

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 88,730
Special	8,085
Other	63,469

Support services:

Student services	4,459
Instructional staff	13,017
Administration	542,682
Operation and maintenance of plant	45,702
Transportation	835,887

Non-instructional programs	708
	<u>\$1,602,739</u>

Unallocated depreciation	<u>4,880,966</u>
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Total governmental activities depreciation expense	<u>\$6,483,705</u>
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Business-type activities:

Food services:

Regular depreciation	<u>\$ 25,845</u>
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Note 5: Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2018, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 54,513,000	\$10,000,000	\$ 1,975,000	\$ 62,538,000	\$3,079,000
Compensated absences	623,818	639,765	623,818	639,765	639,765
Net pension liability	65,440,297	67,588,655	65,440,297	67,588,655	0
Net OPEB liability	10,272,160	1,196,188	1,452,662	10,015,686	0
	<u>\$130,849,275</u>	<u>\$79,424,608</u>	<u>\$69,491,777</u>	<u>\$140,782,106</u>	<u>\$3,718,765</u>
Business type activities:					
Net pension liability	\$ 1,612,938	\$ 1,663,063	\$ 1,612,938	\$ 1,663,063	\$ 0
Net OPEB liability	360,024	41,925	50,915	351,034	0
	<u>\$ 1,972,962</u>	<u>\$ 1,704,988</u>	<u>\$ 1,663,853</u>	<u>\$ 2,014,097</u>	<u>\$ 0</u>

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 5: Long-term Liabilities: (continued)

Revenue Bonds Payable

Summary of debt service requirements to maturity on the outstanding bonded indebtedness and loans as of June 30, 2018, is as follows:

Summary – Debt Service Requirements to Maturity			
Year Ending June 30	Principal	Interest	Total
2019	\$ 3,079,000	\$ 1,671,025	\$ 4,750,025
2020	4,149,000	1,590,428	5,739,428
2021	4,240,000	1,495,164	5,735,164
2022	4,330,000	1,395,959	5,725,959
2023	4,430,000	1,292,101	5,722,101
2024	4,535,000	1,184,179	5,719,179
2025	4,645,000	1,073,174	5,718,174
2026	4,760,000	958,900	5,718,900
2027	4,880,000	840,697	5,720,697
2028	5,010,000	718,514	5,728,514
2029	7,210,000	541,242	7,751,242
2030	11,270,000	279,300	11,549,300
	<u>\$62,538,000</u>	<u>\$13,040,683</u>	<u>\$75,578,683</u>

Details of the District's June 30, 2018, school infrastructure sales, services and use tax revenue refunding bond indebtedness are as follows:

Series 2012 Bonds				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	1.55	\$1,190,000	\$118,015	\$1,308,015
2020	1.75	1,210,000	98,205	1,308,205
2021	1.95	1,230,000	75,625	1,305,625
2022	2.10	1,250,000	50,508	1,300,508
2023	2.25	1,275,000	23,038	1,298,038
2024	2.35	370,000	4,347	374,347
		<u>\$6,525,000</u>	<u>\$369,738</u>	<u>\$6,894,738</u>

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 5: Long-term Liabilities: (continued)

Series 2013 Bonds				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	1.50	\$ 580,000	\$ 162,470	\$ 742,470
2020	1.50	590,000	153,695	743,695
2021	1.50	600,000	144,770	744,770
2022	1.65	610,000	135,238	745,238
2023	1.75	620,000	124,780	744,780
2024	2.00	630,000	113,055	743,055
2025	2.15	645,000	99,821	744,821
2026	2.35	660,000	85,132	745,132
2027	2.55	675,000	68,771	743,771
2028	2.70	690,000	50,850	740,850
2029	2.85	710,000	31,417	741,417
2030	3.00	710,000	15,150	725,150
		<u>\$7,720,000</u>	<u>\$1,185,149</u>	<u>\$8,905,149</u>

Series 2014 Bonds				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	3.15	\$ 1,224,000	\$ 369,212	\$ 1,593,212
2020	3.15	1,209,000	330,892	1,539,892
2021	3.15	1,100,000	294,525	1,394,525
2022	3.15	1,100,000	259,875	1,359,875
2023	3.15	1,100,000	225,225	1,325,225
2024	3.15	1,100,000	190,575	1,290,575
2025	3.15	1,100,000	155,925	1,255,925
2026	3.15	1,100,000	121,275	1,221,275
2027	3.15	1,100,000	86,625	1,186,625
2028	3.15	1,100,000	51,975	1,151,975
2029	3.15	1,100,000	17,325	1,117,325
2030	3.15	0	0	0
		<u>\$12,333,000</u>	<u>\$2,103,429</u>	<u>\$14,436,429</u>

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 5: Long-term Liabilities: (continued)

Series 2015 Bonds				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	3.25	\$ 0	\$ 580,250	\$ 580,250
2020	3.25	0	580,250	580,250
2021	3.25	0	580,250	580,250
2022	3.25	0	580,250	580,250
2023	3.25	0	580,250	580,250
2024	3.25	0	580,250	580,250
2025	3.25	0	580,250	580,250
2026	3.25	0	580,250	580,250
2027	3.25	0	580,250	580,250
2028	3.25	0	580,250	580,250
2029	3.25	5,400,000	492,500	5,892,500
2030	3.50 - 4.00	10,560,000	264,150	10,824,150
		<u>\$15,960,000</u>	<u>\$6,559,150</u>	<u>\$22,519,150</u>

Series 2016 Bonds				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	2.17	\$ 85,000	\$ 216,078	\$ 301,078
2020	2.17	140,000	213,636	353,636
2021	2.17	285,000	209,025	494,025
2022	2.17	325,000	202,407	527,407
2023	2.17	365,000	194,920	559,920
2024	2.17	1,340,000	176,421	1,516,421
2025	2.17	1,770,000	142,678	1,912,678
2026	2.17	1,830,000	103,618	1,933,618
2027	2.17	1,895,000	63,201	1,958,201
2028	2.17	1,965,000	21,320	1,986,320
2029		0	0	0
2030		0	0	0
		<u>\$10,000,000</u>	<u>\$1,543,304</u>	<u>\$11,543,304</u>

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 5: Long-term Liabilities: (continued)

Series 2017 Bonds				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	2.25	\$ 0	\$ 225,000	\$ 225,000
2020	2.25	1,000,000	213,750	1,213,750
2021	2.25	1,025,000	190,969	1,215,969
2022	2.25	1,045,000	167,681	1,212,681
2023	2.25	1,070,000	143,888	1,213,888
2024	2.25	1,095,000	119,531	1,214,531
2025	2.25	1,130,000	94,500	1,224,500
2026	2.25	1,170,000	68,625	1,238,625
2027	2.25	1,210,000	41,850	1,251,850
2028	2.25	1,255,000	14,119	1,269,119
2029		0	0	0
2030		0	0	0
		\$10,000,000	\$1,279,913	\$11,279,913

The District has pledged future statewide sales, services and use tax revenues to repay the \$62,538,000 of bonds issued in May 2012, June 2013, March 2014, January 2015, December 2016, and December 2017.

In May 2012, the District issued \$10,000,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2012 for the purpose of providing funds to construct, remodel, repair and equip athletic facilities at Dalzell Field and Hempstead Field, to improve the sites therefore, and to fund other school infrastructure projects.

In June 2013, the District issued \$10,000,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2013 for the purpose of providing funds for renovations, improvements and additions to Hempstead High School, Kennedy Elementary School, Carver Elementary School, Washington Middle School, renovations to the Jones Campus, and/or other school infrastructure projects as authorized by the electors.

In March 2014, the District issued \$13,033,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2014 for the purpose of providing funds for renovations, improvements, and additions to Hempstead High School and Kennedy Elementary School.

In January 2015, the District issued \$15,960,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2015 for the purpose of providing funds for renovations, improvements, and additions to Hempstead High School, renovations to Senior High School and/or other school infrastructure projects as authorized by the electors.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 5: Long-term Liabilities: (continued)

In December 2016, the District issued \$10,000,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2016 for the purpose of providing funds for renovations, improvements, and additions to Hempstead High School, renovations to Senior High School and/or other school infrastructure projects as authorized by the electors.

In December 2017, the District issued \$10,000,000 School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2017, for the purpose of providing funds for renovations and improvements to Senior High School as authorized by the electors.

The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require a large percentage of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$75,578,683.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) \$3,377,655 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District complied with all revenue-bond provisions during the year ended June 30, 2018

During the year ended June 30, 2018, the District made interest payments totaling \$1,530,888.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 6: Pension Plan and Retirement Benefits

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

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

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time 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 it is greater than the highest five-year average salary.

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

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.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 6: Pension Plan and Retirement Benefits: (continued)

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 one (1) percentage point. IPERS Contribution Rate Funding Policy requires 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 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll, for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2018 totaled \$7,049,442.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the District reported a liability of \$69,251,718 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the District's proportion was 1.048999%, which was a decrease of 0.026218% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$9,266,440. At June 30, 2018, the District 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	\$ 635,796	\$ 600,014
Changes of assumptions	12,032,755	0
Net difference between projected and actual earnings on IPERS' investments	12,573,863	13,297,172
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	1,433,093	(1,734,715)
District contributions subsequent to the measurement date	<u>7,049,442</u>	<u>0</u>
Total	<u>\$33,724,949</u>	<u>\$12,162,471</u>

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 6: Pension Plan and Retirement Benefits: (continued)

\$7,049,442 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. 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 Ending June 30,	Amount
2019	\$ 2,857,170
2020	6,348,249
2021	3,731,766
2022	679,006
2023	<u>896,845</u>
Total	<u>\$14,513,036</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated March 24, 2017.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 6: Pension Plan and Retirement Benefits: (continued)

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (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 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	<u>3.0</u>	4.25
Total	<u>100.0%</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 employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' 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 IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 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%)
District's proportionate share of the net pension liability	\$114,099,051	\$69,251,718	\$31,571,345

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 6: Pension Plan and Retirement Benefits: (continued)

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS' financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – At June 30, 2018, the District reported payables to IPERS of \$0 for legally required District contributions and \$0 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

Voluntary Early Retirement Plan - The District offers voluntary early retirement plans to its certified, administrative, and classified employees. Eligible employees must be at least age fifty-five, must have completed either fifteen or twenty years of service, depending on the employee's classification, and the last five years must be consecutive or employed for thirty years, of which the last one year shall be consecutive full-time. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement incentive for each eligible employee is up to 50% of the employee's base salary calculated by using different methods depending on the type of employee.

The cost of early retirements expected to be liquidated currently, are recorded as a liability of the special revenue – management levy fund. At June 30, 2018, the District has obligations to twenty-nine (29) participants with a total accrued liability of \$617,250. These early retirement benefits will be paid July 1, 2018.

Early retirement benefits paid during the year ended June 30, 2018, totaled \$259,071.

Note 7: Other Post-employment Benefits (OPEB)

Plan Description – The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	71
Active employees	<u>1,317</u>
Total	<u>1,388</u>

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 7: Other Post-employment Benefits (OPEB): (continued)

Total OPEB Liability – The District's total OPEB liability of \$10,366,720 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018, 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)	2.30% per annum.
Rates of salary increase (effective June 30, 2018)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.58% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	6.80% initial rate. Under the Patient Protection and Affordable Care Act of 2010, a federal excise tax will apply for high cost health plans beginning in 2020. A margin to reflect the impact of the excise tax in future years is reflected in the assumed trend. The following tables show the trend rates used in this valuation.

Duration	Health Care Cost Trend Rates
1	6.8%
2	7.4
3	5.9
4	5.5
5	5.4
6	5.5
7	5.5
8	5.4
9	5.5
10	5.8
20	5.7
30	5.2
40	5.0
50	4.7

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 7: Other Post-employment Benefits (OPEB): (continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 3.58% 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 SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year, as restated	<u>\$10,632,184</u>
Changes for the year:	
Service cost	920,864
Interest	317,249
Changes in assumptions	(654,577)
Benefit payments	<u>(849,000)</u>
Net changes	<u>(265,464)</u>
Total OPEB liability end of year	<u>\$10,366,720</u>

Changes of assumptions reflect a change in the discount rate from 2.85% in fiscal year 2017 to 3.58% in fiscal year 2018.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.58%) or 1% higher (4.58%) than the current discount rate.

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB liability	\$11,271,372	\$10,366,720	\$9,523,360

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 7: Other Post-employment Benefits (OPEB): (continued)

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.80%) or 1% higher (7.80%) than the current healthcare cost trend rates.

	1% Decrease (5.80%)	Healthcare Cost Trend Rate (6.80%)	1% Increase (7.80%)
Total OPEB liability	\$9,161,993	\$10,366,720	\$11,813,898

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2018, the District recognized OPEB expense of \$1,174,930. At June 30, 2018, the District reported deferred inflows/outflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Changes in assumptions	<u>(591,394)</u>	<u>*</u>
Total	<u>\$(591,394)</u>	<u>\$ 0</u>

* Cannot be determined until after end of fiscal year.

The amount reported as deferred inflows of resources related to OPEB will be recognized as OPEB revenue as follows:

Year ending June 30,	Amount
2019	\$ (63,183)
2020	(63,183)
2021	(63,183)
2022	(63,183)
2023	(63,183)
Thereafter *	<u>(275,479)</u>
	<u>\$(591,394)</u>

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 8: Risk Management

Dubuque Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have not been any significant changes in insurance coverage from coverage in the prior year.

Note 9: Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$5,191,338 for the year ended June 30, 2018, and is recorded in the general fund by making a memorandum adjusting entry to the financial statements.

Note 10: 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.

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2018, under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Dubuque	Urban renewal and economic development projects	\$1,528,825
Dubuque County	Urban renewal and economic development projects	\$ 50,252

The State of Iowa reimburses the district an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2018, this reimbursement amounted to \$676,866.

Note 11: Construction Contracts and Other Commitments

On August 8, 2016, the District signed a \$25,106,300 contract for renovations to Senior High School. As of June 30, 2018, \$578,622 of change orders have been added to the project. Funding will come from the sales tax fund. As of June 30, 2018, \$25,010,655 had been paid on the contract.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 11: Construction Contracts and Other Commitments: (continued)

On May 14, 2018, the District signed an \$8,451,000 contract for a District pool replacement at Hempstead High School. As of June 30, 2018, no change orders have been added to the project. Funding will come from the sales tax fund. As of June 30, 2018, \$0 had been paid on the contract.

At June 30, 2018, the District had approximately \$428,964 in commitments related to unfilled purchase orders for goods and services.

Note 12: Subsequent Events

The District has commenced suit against Conlon Construction (Conlon) for damage due to flooding the District suffered during a construction project for which Conlon was the general contractor. The District's suit contends Conlon breached its contractual responsibility to protect the District's property from flooding during the time the construction was ongoing. Conlon has now answered the suit and has generally denied the District's claims. Additionally, Conlon has also filed a motion seeking to add one of Conlon's subcontractors, McDermott Excavating, as a third-party defendant to the suit. If allowed by the court, Conlon's third-party petition will claim that if Conlon is found responsible for any of the District's damages, Conlon should in turn have judgment over and against McDermott by virtue of Conlon's active negligence being a cause of the District's damages as well as by virtue of an indemnity provision contained in McDermott's contract with Conlon. If you require further information on this claim, please contact District Administration.

In October 2018, the board authorized the sale of \$9,455,000 of School Infrastructure Sales, Services, and Use Tax Revenue Bonds for the purpose of providing funds for renovations and improvements to Senior High School and an addition at the Alta Vista Campus. The issuance occurred in October 2018.

On November 13, 2017, the District signed a contract with IIW, PC to study, develop and design an addition to the building at the Alta Vista Campus. The new addition will be the education center for alternative programming which is currently located at non-District owned locations. On August 13, 2018, the District signed a \$5,344,300 contract for the addition at the Alta Vista Campus.

Note 13: Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 13: Categorical Funding: (continued)

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2018.

Program	Amount
Professional development	\$ 337,226
Market factor incentives	26,041
Four-year-old preschool	188,773
Professional development for model core curriculum	362,741
Textbook aid for non-public students	23,894
Successful progression for early readers	68,195
Talented and gifted	<u>13,541</u>
Total	<u>\$1,020,411</u>

Note 14: Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities and business-type activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities	Business-type Activities
Net position June 30, 2017 as previously reported	\$ 84,402,542	\$(220,364)
OPEB obligation measured under previous standards	9,705,655	340,168
Total OPEB liability at June 30, 2017	<u>(10,272,160)</u>	<u>(360,024)</u>
Net position July 1, 2017, as restated	<u>\$ 83,836,037</u>	<u>\$(240,220)</u>

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 15: New Governmental Accounting Standards Board (GASB) Statements

The District implemented the following statement:

- The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

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

- The GASB issued Statement 83, *Certain Asset Retirement Obligations* in November 2016. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this Statement are effective for periods beginning after June 15, 2018.
- The GASB issued Statement 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.
- The GASB issued Statement 85, *Omnibus 2017* in March 2017. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement are effective for periods beginning after June 15, 2017.
- The GASB issued Statement 86, *Certain Debt Extinguishment Issues* in May 2017. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources-that is, resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the purpose of extinguishing debt. This Statement also amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an insubstance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired. The requirements of this Statement are effective for periods beginning after June 15, 2017.

Dubuque Community School District

Notes to Financial Statements

June 30, 2018

Note 15: New Governmental Accounting Standards Board (GASB) Statements: (continued)

- The GASB issued Statement 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

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

Required Supplementary Information

Dubuque Community School District

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses,
and Changes in Balances – Budget and Actual**

All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year Ended June 30, 2018

	Actual Amounts			Budgeted Amounts		
	Governmental Funds	Proprietary Fund	Total	Original	Amended	Final to Actual Variance
Revenues:						
Local sources	\$ 59,108,625	\$2,355,943	\$ 61,464,568	\$ 60,004,958	\$ 60,004,958	\$ 1,459,610
State sources	84,703,581	41,838	84,745,419	86,464,855	86,464,855	(1,719,436)
Federal sources	6,582,364	3,361,785	9,944,149	9,711,950	9,711,950	232,199
Total revenues	\$150,394,570	\$5,759,566	\$156,154,136	\$156,181,763	\$156,181,763	\$ (27,627)
Expenditures:						
Instruction	\$ 88,817,673	\$ 0	\$ 88,817,673	\$ 92,768,320	\$ 92,768,320	\$ 3,950,647
Support services	44,962,283	0	44,962,283	41,748,418	45,248,418	286,135
Non-instructional programs	259,611	4,784,514	5,044,125	5,586,200	5,586,200	542,075
Other expenditures	24,761,613	0	24,761,613	28,911,918	28,911,918	4,150,305
Total expenditures	\$158,801,180	\$4,784,514	\$163,585,694	\$169,014,856	\$172,514,856	\$ 8,929,162
Excess (deficiency) of revenues over expenditures	\$ (8,406,610)	\$ 975,052	\$ (7,431,558)	\$(12,833,093)	\$(16,333,093)	\$ 8,901,535
Other financing sources, net	11,967,366	(280,464)	11,686,902	10,040,000	10,040,000	\$ 1,646,902
Excess (deficiency) of revenues and other financing sources over expenditures	\$ 3,560,756	\$ 694,588	\$ 4,255,344	\$ (2,793,093)	\$ (6,293,093)	\$10,548,437
Balances beginning of year	47,617,474	(240,220)	47,377,254	47,538,482	47,538,482	(161,228)
Balances end of year	\$ 51,178,230	\$ 454,368	\$ 51,632,598	\$ 44,745,389	\$ 41,245,389	\$10,387,209

See accompanying independent auditor's report.

Dubuque Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2018

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard 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.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except private purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs, and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the general fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$3,500,000.

Dubuque Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Four Fiscal Years *
Required Supplementary Information

	2018	2017	2016	2015
District's proportion of the net pension liability	1.048999%	1.075217%	1.093194%	1.044018%
District's proportionate share of the net pension liability	\$69,251,718	\$67,053,235	\$54,347,570	\$42,252,286
District's covered-employee payroll	\$78,941,118	\$77,602,466	\$76,461,891	\$75,363,092
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.73%	86.41%	71.08%	56.06%
Plan fiduciary net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

* 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 District will present information for those years for which information is available.

See accompanying independent auditor's report.

Dubuque Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years
Required Supplementary Information

	2018	2017	2016	2015
Statutorily required contribution	\$ 7,049,442	\$ 6,929,900	\$ 6,830,726	\$ 6,729,926
Contributions in relation to the statutorily required contribution	(7,049,442)	(6,929,900)	(6,830,726)	(6,729,926)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
District's covered-employee payroll	\$78,941,118	\$77,602,466	\$76,461,891	\$75,363,092
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%

See accompanying independent auditor's report.

Dubuque Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years
Required Supplementary Information

2014	2013	2012	2011	2010	2009
\$ 6,225,569	\$ 5,734,626	\$ 5,218,342	\$ 4,466,474	\$ 4,313,135	\$ 4,199,404
(6,225,569)	(5,734,626)	(5,218,342)	(4,466,474)	(4,313,135)	(4,199,404)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$69,715,216	\$66,143,315	\$64,684,349	\$64,287,186	\$64,871,878	\$66,137,994
8.93%	8.67%	8.07%	6.95%	6.65%	6.35%

See accompanying independent auditor's report.

Dubuque Community School District
Notes to Required Supplementary Information – Pension Liability
Year Ended June 30, 2018

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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 assumptions:

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.
- 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.

Dubuque Community School District

**Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes
for the Current Year**

Required Supplementary Information

June 30, 2018

	<u>2018</u>
Service cost	\$ 920,864
Interest cost	317,249
Changes in assumptions	(654,577)
Benefit payments	<u>(849,000)</u>
Net change in total OPEB liability	(265,464)
Total OPEB liability beginning of year, as restated	<u>10,632,184</u>
Total OPEB liability end of year	<u>\$10,366,720</u>
Covered employee payroll	\$78,941,118
Total OPEB liability as a percentage of covered-employee payroll	13.13%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2018	3.58%
Year ended June 30, 2017	2.85%

See accompanying independent auditor's report.

Other Supplementary Information

Dubuque Community School District

Nonmajor Governmental Funds

June 30, 2018

Nonmajor Governmental Funds

The other governmental funds of the district are considered nonmajor and are as follows:

The special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service. A brief description of each of the District's nonmajor governmental funds follows:

Student Activity	Accounts for funds raised by student groups. Under state law the Board retains responsibility for the Student Activity Fund's ultimate disposition.
Management	Accounts for resources accumulated and payments made for property insurance, fidelity bonds, worker compensation, liability premiums, unemployment insurance claims and early retirement incentives.
Debt Service	This fund accounts for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

Dubuque Community School District

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2018

	Special Revenue			
	Management Levy	Student Activity	Debt Service	Total
Assets				
Cash	\$ 8,310,158	\$908,304	\$7,328,755	\$16,547,217
Receivables:				
Property tax:				
Delinquent	20,426	0	0	20,426
Succeeding year	3,000,000	0	0	3,000,000
Interest	0	0	28,059	28,059
Total assets	\$11,330,584	\$908,304	\$7,356,814	\$19,595,702
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,509	\$ 24,789	\$ 0	\$ 26,298
Salaries and benefits payable	0	2,950	0	2,950
Early retirement payable	617,250	0	0	617,250
Total liabilities	\$ 618,759	\$ 27,739	\$ 0	\$ 646,498
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	\$ 3,000,000	\$ 0	\$ 0	\$ 3,000,000
Other	6,188	0	0	6,188
Total deferred inflows of resources	\$ 3,006,188	\$ 0	\$ 0	\$ 3,006,188
Fund balances:				
Restricted for:				
Debt service	\$ 0	\$ 0	\$7,356,814	\$ 7,356,814
Management levy purposes	7,705,637	0	0	7,705,637
Student activities	0	880,565	0	880,565
Total fund balances	\$ 7,705,637	\$880,565	\$7,356,814	\$15,943,016
Total liabilities, deferred inflows of resources and fund balances	\$11,330,584	\$908,304	\$7,356,814	\$19,595,702

See accompanying independent auditor's report.

Dubuque Community School District

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2018

	Special Revenue			
	Management Levy	Student Activity	Debt Service	Total
Revenues:				
Local sources:				
Local tax	\$3,003,183	\$ 0	\$ 0	\$ 3,003,183
Other	291,312	1,548,944	33,546	1,873,802
State sources	95,481	0	0	95,481
Total revenues	\$3,389,976	\$1,548,944	\$ 33,546	\$ 4,972,466
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 563,702	\$ 0	\$ 0	\$ 563,702
Special instruction	95,290	0	0	95,290
Other instruction	35,004	1,614,130	0	1,649,134
	\$ 693,996	\$1,614,130	\$ 0	\$ 2,308,126
Support services:				
Student services	\$ 57,961	\$ 0	\$ 0	\$ 57,961
Instructional staff services	143,621	0	0	143,621
Administration services	373,261	9,486	0	382,747
Operation and maintenance of plant services	1,647,863	4,123	0	1,651,986
Transportation services	332,914	29,604	0	362,518
	\$2,555,620	\$ 43,213	\$ 0	\$ 2,598,833
Non-instructional programs	\$ 153,296	\$ 0	\$ 0	\$ 153,296
Other expenditures:				
Debt service:				
Principal	\$ 0	\$ 0	\$ 1,975,000	\$ 1,975,000
Interest and other charges	0	0	1,530,888	1,530,888
	\$ 0	\$ 0	\$ 3,505,888	\$ 3,505,888
Total expenditures	\$3,402,912	\$1,657,343	\$ 3,505,888	\$ 8,566,143
Excess (deficiency) of revenues over (under) expenditures	\$ (12,936)	\$ (108,399)	\$(3,472,342)	\$ (3,593,677)
Other financing sources (uses):				
Transfers in	\$ 0	\$ 51,285	\$ 4,656,494	\$ 4,707,779
Transfers out	0	(8,449)	0	(8,449)
Total other financing sources (uses):	\$ 0	\$ 42,836	\$ 4,656,494	\$ 4,699,330
Net change in fund balances	\$ (12,936)	\$ (65,563)	\$ 1,184,152	\$ 1,105,653
Fund balances beginning of year	7,718,573	946,128	6,172,662	14,837,363
Fund balances end of year	\$7,705,637	\$ 880,565	\$ 7,356,814	\$15,943,016

See accompanying independent auditor's report.

Dubuque Community School District

Capital Project Accounts

Capital Projects Fund

Year Ended June 30, 2018

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Statewide Sales, Services, and Use Tax	Statewide sales and services tax moneys received for school infrastructure purposes shall be utilized solely for school infrastructure needs or school district property tax relief. These activities include the construction, reconstruction, repair, demolition work, purchasing, or remodeling of schoolhouses, stadiums, gyms, field houses, and bus garages and the procurement of schoolhouse construction sites and making of site improvements and those activities for which revenues under Iowa Code Section 298.3 or Section 300.2 may be spent. Additionally, “school infrastructure” includes the payment or retirement of outstanding bonds previously issued for school infrastructure purposes, and the payment or retirement of bonds issued under Iowa Code Section 423E.5.
Physical Plant and Equipment Levy Fund	Accounts for resources accumulated and payments made for the purchase and improvement of grounds; purchase of buildings; major repairs, remodeling, reconstructing, improving or expanding the schools or buildings; expenditures for energy conservation; and for equipment purchases. The purchase of transportation vehicles qualifies under the law.

Dubuque Community School District

Combining Balance Sheet

Capital Project Accounts

Year Ended June 30, 2018

	Capital Projects		
	Statewide Sales, Services, and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$12,204,566	\$4,694,122	\$16,898,688
Receivables:			
Property tax:			
Delinquent	0	23,910	23,910
Succeeding year	0	4,037,099	4,037,099
Due from other governments	832,935	0	832,935
Total assets	\$13,037,501	\$8,755,131	\$21,792,632
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 304,247	\$ 191,475	\$ 495,722
Total liabilities	\$ 304,247	\$ 191,475	\$ 495,722
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ 0	\$4,037,099	\$ 4,037,099
Other	0	7,247	7,247
Total deferred inflows of resources	\$ 0	\$4,044,346	\$ 4,044,346
Fund balances:			
Restricted for:			
School infrastructure	\$12,733,254	\$ 0	\$12,733,254
Physical plant and equipment levy	0	4,519,310	4,519,310
Total fund balances	\$12,733,254	\$4,519,310	\$17,252,564
Total liabilities, deferred inflows of resources and fund balances	\$13,037,501	\$8,755,131	\$21,792,632

See accompanying independent auditor's report.

Dubuque Community School District

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

Capital Project Accounts

Year Ended June 30, 2018

	Capital Projects		
	Statewide Sales, Services, and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 0	\$3,871,447	\$ 3,871,447
Other	704,650	77,306	781,956
State sources	9,831,721	131,436	9,963,157
Federal sources	0	0	0
Total revenues	\$10,536,371	\$4,080,189	\$14,616,560
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 249,865	\$ 235,178	\$ 485,043
Other instruction	0	0	0
	\$ 249,865	\$ 235,178	\$ 485,043
Support services:			
Student services	\$ 154,535	\$ 0	\$ 154,535
Administration services	2,169,891	191,392	2,361,283
Operation and maintenance of plant services	3,951	801,133	805,084
Transportation services	2,650	906,137	908,787
	\$ 2,331,027	\$1,898,662	\$ 4,229,689
Non-instructional programs	\$ 0	\$ 53,800	\$ 53,800
Other expenditures:			
Facilities acquisition	\$13,150,803	\$2,819,400	\$15,970,203
Debt service:			
Principal	0	0	0
Interest and other charges	94,184	0	94,184
	\$13,244,987	\$2,819,400	\$16,064,387
Total expenditures	\$15,825,879	\$5,007,040	\$20,832,919
Excess (deficiency) of revenues over (under) expenditures	\$ (5,289,508)	\$ (926,851)	\$ (6,216,359)
Other financing sources (uses):			
Revenue bonds issued	\$10,000,000	\$ 0	\$10,000,000
Compensation for loss of capital assets	0	1,573,745	1,573,745
Sale of property and equipment	0	0	0
Transfers in	0	0	0
Transfers out	(4,656,494)	0	(4,656,494)
Total other financing sources (uses)	\$ 5,343,506	\$1,573,745	\$ 6,917,251
Net Change in fund balances	\$ 53,998	\$ 646,894	\$ 700,892
Fund balances beginning of year	12,679,256	3,872,416	16,551,672
Fund balances end of year	\$12,733,254	\$4,519,310	\$17,252,564
See accompanying independent auditor's report.			

Dubuque Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2018

	Balance June 30, 2017	Revenues	Expenditures	Balance June 30, 2018
Senior High Schools:				
Alternative Learning Center	\$ 3,554	\$ 432	\$ 832	\$ 3,154
Stephen Hempstead	391,943	498,077	517,544	372,476
Dubuque Senior	354,031	532,485	530,023	356,493
Total Senior High Schools	<u>\$749,528</u>	<u>\$1,030,994</u>	<u>\$1,048,399</u>	<u>\$732,123</u>
Middle Schools:				
Jefferson	\$ 57,518	\$ 12,268	\$ 26,543	\$ 43,243
Washington	43,446	39,447	39,603	43,290
Roosevelt	68,316	40,863	49,619	59,560
Total Middle Schools	<u>\$169,280</u>	<u>\$ 92,578</u>	<u>\$ 115,765</u>	<u>\$146,093</u>
Elementary Schools:				
Audubon	\$ 1,106	\$ 15	\$ 0	\$ 1,121
Bryant	973	3,442	2,448	1,967
Eisenhower	1,423	19	0	1,442
Carver	1,655	22	0	1,677
Fulton	4,173	543	267	4,449
Hoover	4,604	1,325	1,121	4,808
Irving	8,044	3,609	2,028	9,625
Kennedy	298	4	0	302
Lincoln	432	6	0	438
Marshall	8,331	855	1,822	7,364
Prescott	758	505	778	485
Sageville	388	5	0	393
Table Mound	4,800	65	0	4,865
Preschool	352	0	0	352
Total Elementary Schools	<u>\$ 37,337</u>	<u>\$ 10,415</u>	<u>\$ 8,464</u>	<u>\$ 39,288</u>
Athletic reserve	\$ (30,262)	\$ 458,500	\$ 484,382	\$ (56,144)
District instrumental music	20,245	7,742	8,782	19,205
	<u>\$ (10,017)</u>	<u>\$ 466,242</u>	<u>\$ 493,164</u>	<u>(36,939)</u>
Grand Total	<u><u>\$946,128</u></u>	<u><u>\$1,600,229</u></u>	<u><u>\$1,665,792</u></u>	<u><u>\$880,565</u></u>

See accompanying independent auditor's report.

Dubuque Community School District
Schedule of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2018

	Private Purpose Trust					
	Trust	Scholarships				
	Prescott Elementary	Dubuque Senior High School	Stephen Hempstead High School	Alternative Learning Center	District- wide	Total
Additions:						
Local sources:						
Other local sources	\$ 0	\$ 3,201	\$ 2,400	\$ 0	\$20,000	\$ 25,601
Interest on investments	<u>233</u>	<u>1,310</u>	<u>405</u>	<u>10</u>	<u>118</u>	<u>2,076</u>
Total revenues	<u>\$ 233</u>	<u>\$ 4,511</u>	<u>\$ 2,805</u>	<u>\$ 10</u>	<u>\$20,118</u>	<u>\$ 27,677</u>
Deductions:						
Instruction:						
Regular instruction:						
Other	<u>\$ 0</u>	<u>\$ 7,623</u>	<u>\$ 3,300</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,923</u>
Change in net position	\$ 233	\$(3,112)	\$ (495)	\$ 10	\$20,118	\$ 16,754
Net position beginning of year	<u>15,942</u>	<u>95,020</u>	<u>29,631</u>	<u>654</u>	<u>0</u>	<u>141,247</u>
Net position end of year	<u>\$16,175</u>	<u>\$91,908</u>	<u>\$29,136</u>	<u>\$664</u>	<u>\$20,118</u>	<u>\$158,001</u>

See accompanying independent auditor's report.

Dubuque Community School District
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund
Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	<u>\$25,402</u>	<u>\$30,593</u>	<u>\$27,923</u>	<u>\$28,072</u>
Total assets	<u>\$25,402</u>	<u>\$30,593</u>	<u>\$27,923</u>	<u>\$28,072</u>
Liabilities				
Other payables	<u>\$25,402</u>	<u>\$30,593</u>	<u>\$27,923</u>	<u>\$28,072</u>
Total liabilities	<u>\$25,402</u>	<u>\$30,593</u>	<u>\$27,923</u>	<u>\$28,072</u>

See accompanying independent auditor's report.

Dubuque Community School District

Schedule of Revenues by Source and Expenditures by Function

All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis			
	2018	2017	2016	2015
Revenues:				
Local sources:				
Local tax	\$ 52,088,173	\$ 51,125,151	\$ 45,751,376	\$ 44,918,498
Tuition	1,866,027	2,132,767	2,409,264	2,571,634
Other	5,154,425	4,476,876	4,269,622	4,461,057
State sources	84,703,581	84,387,919	82,675,004	81,462,443
Federal sources	6,582,364	6,150,614	6,607,619	6,277,627
Total revenues	<u>\$150,394,570</u>	<u>\$148,273,327</u>	<u>\$141,712,885</u>	<u>\$139,691,259</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 48,443,163	\$ 47,725,537	\$ 49,481,686	\$ 48,744,947
Special instruction	26,461,319	26,117,978	25,495,256	26,651,874
Other instruction	13,913,191	14,179,608	13,854,651	13,763,166
Support services:				
Student services	6,972,980	7,226,953	6,519,760	6,655,077
Instructional staff services	5,549,043	5,336,682	6,100,106	5,788,283
Administration services	14,885,160	13,458,720	14,124,857	13,506,629
Operation and maintenance of plant services	12,229,402	11,659,699	11,607,416	10,785,417
Transportation services	5,325,698	5,140,676	4,471,942	4,724,879
Non-instructional programs	259,611	178,401	152,701	188,357
Other expenditures:				
Facilities acquisition	15,970,203	16,114,278	5,336,369	14,428,903
Debt service:				
Principal	1,975,000	1,960,000	1,390,000	1,130,000
Interest and fiscal charges	1,625,072	1,403,369	1,330,143	974,063
AEA flowthrough	5,191,338	5,014,640	4,981,385	4,928,817
TIF property tax payment to City and other property taxes	0	0	0	0
Total expenditures	<u>\$158,801,180</u>	<u>\$155,516,541</u>	<u>\$144,846,272</u>	<u>\$152,270,412</u>

See accompanying independent auditor's report.

Dubuque Community School District

Schedule of Revenues by Source and Expenditures by Function

All Governmental Funds

For the Last Ten Years

Modified Accrual Basis					
2014	2013	2012	2011	2010	2009
\$ 45,256,554	\$ 57,952,211	\$ 59,573,803	\$ 56,970,220	\$ 55,448,603	\$ 53,527,722
2,076,227	2,364,636	2,264,001	2,146,825	2,229,601	2,054,271
4,403,650	4,149,932	3,237,573	3,523,606	3,716,733	3,845,347
74,879,014	62,706,583	62,040,783	60,409,551	52,410,026	60,032,976
6,323,012	6,852,735	7,729,416	9,393,044	12,657,914	6,694,658
\$132,938,457	\$134,026,097	\$134,845,576	\$132,443,246	\$126,462,877	\$126,154,974
\$ 45,838,993	\$ 41,180,652	\$ 40,768,416	\$ 39,582,892	\$ 40,345,167	\$ 41,870,736
24,813,653	23,533,298	22,492,388	21,727,446	22,461,743	22,934,962
13,169,530	13,080,400	12,840,284	12,144,120	11,483,872	8,923,625
6,305,561	5,492,706	5,252,695	5,034,660	5,053,316	5,093,057
5,750,601	4,602,493	3,984,983	3,566,495	3,422,804	3,552,175
12,725,816	12,389,626	12,341,464	12,875,379	10,602,780	10,349,190
9,599,256	9,057,962	8,702,928	8,406,122	8,554,178	8,958,199
5,612,731	4,277,877	4,120,582	4,003,962	3,465,091	3,019,418
156,327	364,825	135,718	155,648	306,817	93,675
25,750,982	14,520,178	4,919,944	1,471,553	3,547,438	3,718,729
4,850,000	7,600,000	7,200,000	8,710,000	33,299,833	7,466,208
471,005	507,785	556,069	524,654	1,323,733	1,482,355
4,723,656	4,515,012	4,496,822	4,922,517	4,802,377	4,321,171
0	0	0	0	0	229
\$159,768,111	\$141,122,814	\$127,812,293	\$123,125,448	\$148,669,149	\$121,783,729

STATISTICAL SECTION

Dubuque Community School District
Statistical Section (unaudited)
Narrative Explanations

The statistical section of the District'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 District's overall financial health.

Contents

Tables

Financial Trends

1-9

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

10-13

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

Debt Capacity

14-17

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

18-19

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

20-22

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Table 1

Dubuque Community School District
Net Position by Components
Last Ten Fiscal Years

(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Governmental activities:				
Net investment in capital assets	\$96,224,508	\$95,329,568	\$94,302,695	\$88,077,969
Restricted	34,215,991	32,225,976	32,970,043	32,900,265
Unrestricted	(41,554,404)	(43,153,002)	(49,108,783)	(42,281,836)
Total governmental activities net position	\$88,886,095	\$84,402,542	\$78,163,955	\$78,696,398
Business-type activities:				
Net investment in capital assets	\$ 125,918	\$ 150,046	\$ 164,626	\$ 180,689
Restricted	0	0	0	0
Unrestricted	328,450	(370,410)	(463,766)	(558,454)
Total business-type activities net position	\$ 454,368	\$ (220,364)	\$ (299,140)	\$ (377,765)
Primary government:				
Net investment in capital assets	\$96,350,426	\$95,479,614	\$94,467,321	\$88,258,658
Restricted	34,215,991	32,225,976	32,970,043	32,900,265
Unrestricted	(41,225,954)	(43,523,412)	(49,572,549)	(42,840,290)
Total primary government net position	\$89,340,463	\$84,182,178	\$77,864,815	\$78,318,633

Source: District Financial Records

Table 1

Dubuque Community School District
Net Position by Components
Last Ten Fiscal Years

2014	2013	2012	2011	2010	2009
\$ 93,556,198	\$ 80,199,696	\$ 72,432,082	\$ 72,646,181	\$64,429,213	\$59,780,783
22,585,523	29,345,373	25,752,325	18,245,575	17,404,114	9,206,811
13,235,693	20,945,199	22,014,328	13,348,662	5,121,609	7,757,840
<u>\$129,377,414</u>	<u>\$130,490,268</u>	<u>\$120,198,735</u>	<u>\$104,240,418</u>	<u>\$86,954,936</u>	<u>\$76,745,434</u>
\$ 226,852	\$ 294,532	\$ 280,661	\$ 311,734	\$ 399,217	\$ 442,195
0	0	0	0	0	0
572,735	545,461	851,251	934,055	861,361	808,733
<u>\$ 799,587</u>	<u>\$ 839,993</u>	<u>\$ 1,131,912</u>	<u>\$ 1,245,789</u>	<u>\$ 1,260,578</u>	<u>\$ 1,250,928</u>
\$ 93,783,050	\$ 80,494,228	\$ 72,712,743	\$ 72,957,915	\$64,828,430	\$60,222,978
22,585,523	29,345,373	25,752,325	18,245,575	17,404,114	9,206,811
13,808,428	21,490,660	22,865,579	14,282,717	5,982,970	8,566,573
<u>\$130,177,001</u>	<u>\$131,330,261</u>	<u>\$121,330,647</u>	<u>\$105,486,207</u>	<u>\$88,215,514</u>	<u>\$77,996,362</u>

Table 2

Dubuque Community School District
Expenses, Program Revenues, and Net (Expense) Revenue
Last Ten Fiscal Years

(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Expenses:				
Governmental activities:				
Instruction	\$ 88,850,485	\$ 88,116,297	\$ 87,389,442	\$ 87,066,710
Student services	7,291,748	7,180,650	6,382,523	6,457,946
Instructional staff services	5,553,503	5,088,966	6,176,257	5,650,117
Administration services	15,207,607	12,460,130	14,132,095	13,683,311
Operation and maintenance of plant services	12,136,150	11,783,955	11,698,648	10,753,161
Transportation services	4,724,735	5,054,682	4,841,702	4,906,348
Non-instructional programs	83,212	204,787	160,756	184,930
AEA flowthrough	5,191,338	5,014,640	4,981,385	4,928,817
TIF property tax payment and street assessments to City	0	0	0	0
Interest on long-term debt	1,611,048	1,420,306	1,329,248	1,148,530
Bond costs	94,184	90,678	7,750	293,111
Other post-employment benefits	0	853,806	1,073,418	1,142,693
Depreciation (unallocated)	4,880,966	4,765,843	4,234,139	3,900,066
Total governmental activities expenses	\$145,624,976	\$142,034,740	\$142,407,363	\$140,115,740
Business-type activities:				
Nutrition services	\$ 4,784,514	\$ 5,503,873	\$ 5,267,411	\$ 4,988,071
Total business-type activities expenses	\$ 4,784,514	\$ 5,503,873	\$ 5,267,411	\$ 4,988,071
Total primary government expenses	\$150,409,490	\$147,538,613	\$147,674,774	\$145,103,811

Source: District Financial Records

(Continued on the following page.)

Table 2

Dubuque Community School District
Expenses, Program Revenues, and Net (Expense) Revenue
Last Ten Fiscal Years

2014	2013	2012	2011	2010	2009
\$ 83,984,002	\$ 77,755,484	\$ 76,200,554	\$ 73,398,582	\$ 74,580,509	\$ 74,524,139
6,306,779	5,505,944	5,262,498	4,916,281	5,064,842	5,147,311
5,750,601	4,602,597	3,988,500	3,582,091	3,442,464	3,607,500
13,236,921	12,281,517	11,285,684	12,704,945	10,704,315	10,590,758
9,684,699	9,102,217	8,800,056	8,123,156	8,658,932	9,011,009
4,981,110	4,420,179	4,040,587	3,511,033	3,521,943	3,501,716
159,179	364,825	134,228	157,526	309,415	96,998
4,723,656	4,515,012	4,496,822	4,922,517	4,802,377	4,321,171
0	0	0	0	0	229
406,017	344,756	317,750	487,800	1,271,952	1,482,355
116,998	166,710	143,819	1,000	316,635	0
911,203	777,152	1,432,116	1,380,724	1,044,119	1,090,424
3,938,398	4,243,202	3,110,181	2,259,167	3,230,537	3,090,034
\$134,199,563	\$124,079,595	\$119,212,795	\$115,444,822	\$116,948,040	\$116,463,644
\$ 4,983,100	\$ 5,014,578	\$ 4,829,167	\$ 4,609,057	\$ 4,562,590	\$ 4,336,522
\$ 4,983,100	\$ 5,014,578	\$ 4,829,167	\$ 4,609,057	\$ 4,562,590	\$ 4,336,522
\$139,182,663	\$129,094,173	\$124,041,962	\$120,053,879	\$121,510,630	\$120,800,166

Table 2

Dubuque Community School District
Expenses, Program Revenues, and Net (Expense) Revenue
Last Ten Fiscal Years

(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	\$ 4,244,528	\$ 4,859,461	\$ 4,920,920	\$ 5,037,413
Support services	75,696	64,598	50,840	54,977
Operating grants and contributions	24,295,563	23,956,058	23,910,881	23,329,640
Capital grants and contributions	0	0	0	0
Total governmental activities program revenues	\$ 28,615,787	\$ 28,880,117	\$ 28,882,641	\$ 28,422,030
Business-type activities:				
Charges for services:				
Nutrition services	\$ 2,330,063	\$ 2,278,192	\$ 2,311,069	\$ 2,472,084
Operating grants and contributions	3,403,623	3,295,236	3,191,161	2,758,432
Total business-type program revenues	\$ 5,733,686	\$ 5,573,428	\$ 5,502,230	\$ 5,230,516
Total primary government program revenues	\$ 34,349,473	\$ 34,453,545	\$ 34,384,871	\$ 33,652,546
Net (expense) revenue:				
Governmental activities	\$(117,009,189)	\$(113,154,623)	\$(113,524,722)	\$(111,693,710)
Business-type activities	949,172	69,555	234,819	242,445
Total primary government net expense	\$(116,060,017)	\$(113,085,068)	\$(113,289,903)	\$(111,451,265)

Source: District Financial Records

Table 2

Dubuque Community School District
Expenses, Program Revenues, and Net (Expense) Revenue
Last Ten Fiscal Years

2014	2013	2012	2011	2010	2009
\$ 4,465,125	\$ 4,900,867	\$ 4,441,216	\$ 4,481,908	\$ 4,343,293	\$ 4,139,082
50,924	38,310	39,417	35,099	34,133	29,432
19,919,287	19,679,045	20,298,874	22,162,557	25,152,465	21,261,442
0	0	0	61,864	88,137	0
\$ 24,435,336	\$ 24,618,222	\$ 24,779,507	\$ 26,741,428	\$ 29,618,028	\$ 25,429,956
\$ 2,421,620	\$ 2,403,562	\$ 2,471,310	\$ 2,505,477	\$ 2,520,337	\$ 2,484,568
2,667,519	2,590,171	2,517,574	2,362,623	2,365,458	1,992,219
\$ 5,089,139	\$ 4,993,733	\$ 4,988,884	\$ 4,868,100	\$ 4,885,795	\$ 4,476,787
\$ 29,524,475	\$ 29,611,955	\$ 29,768,391	\$ 31,609,528	\$ 34,503,823	\$ 29,906,743
\$(109,764,227)	\$(99,461,373)	\$(94,433,288)	\$(88,703,394)	\$(87,330,012)	\$(91,033,688)
106,039	(20,845)	159,717	259,043	323,205	140,265
\$(109,658,188)	\$(99,482,218)	\$(94,273,571)	\$(88,444,351)	\$(87,006,807)	\$(90,893,423)

Table 3

Dubuque Community School District
General Revenues and Total Change in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Net (expenses) revenue:				
Governmental activities	\$(117,009,189)	\$(113,154,623)	\$(113,524,722)	\$(111,693,710)
Business-type activities	949,172	69,555	234,819	242,445
Total primary government net expense	\$(116,060,017)	\$(113,085,068)	\$(113,289,903)	\$(111,451,265)
General revenues and other changes in net position:				
Governmental activities:				
Property tax levied for general purposes	\$ 48,216,727	\$ 47,334,594	\$ 42,164,620	\$ 41,351,887
Property tax levied for capital outlay	3,871,447	3,790,557	3,586,757	4,346,610
Local option sales tax	9,831,721	10,138,685	10,149,186	10,038,752
Unrestricted state grants	57,579,981	56,993,386	55,500,389	54,664,713
Investment earnings	757,317	380,625	304,274	155,764
Miscellaneous	1,521,590	755,363	1,125,018	711,503
Transfers	280,464	0	162,035	163,677
Total governmental activities	\$ 122,059,247	\$ 119,393,210	\$ 112,992,279	\$ 111,432,906
Business-type activities:				
Investment earnings	\$ 25,880	\$ 9,221	\$ 5,841	\$ 2,256
Transfers	(280,464)	0	(162,035)	(163,677)
Total business-type activities	\$ (254,584)	\$ 9,221	\$ (156,194)	\$ (161,421)
Change in net position:				
Governmental activities	\$ 5,050,058	\$ 6,238,587	\$ (532,443)	\$ (260,804)
Business-type activities	694,588	78,776	78,625	81,024
Total primary government	\$ 5,744,646	\$ 6,317,363	\$ (453,818)	\$ (179,780)

Source: District Financial Records

Table 3

Dubuque Community School District
General Revenues and Total Change in Net Position
Last Ten Fiscal Years

2014	2013	2012	2011	2010	2009
\$(109,764,227)	\$(99,461,373)	\$(94,430,288)	\$ (88,703,394)	\$(87,330,012)	\$(91,033,688)
106,039	(20,845)	159,717	259,043	323,205	140,265
\$(109,658,188)	\$(99,482,218)	\$(94,270,571)	\$ (88,444,351)	\$(87,006,807)	\$(90,893,423)
\$ 41,857,102	\$ 42,464,403	\$ 45,002,685	\$ 43,385,106	\$ 42,170,729	\$ 40,684,264
3,399,452	3,297,757	3,135,590	3,006,514	2,857,384	2,737,058
8,974,360	12,190,050	11,435,526	10,578,600	10,420,491	10,106,400
52,932,505	50,568,860	49,804,874	47,873,056	40,152,782	46,053,267
139,790	369,289	455,973	539,547	747,429	682,349
1,199,912	595,896	281,764	318,999	854,031	543,975
148,252	266,651	275,196	287,054	336,668	278,891
\$ 108,651,373	\$109,752,906	\$110,391,608	\$105,988,876	\$ 97,539,514	\$101,086,204
\$ 1,807	\$ 2,582	\$ 6,034	\$ 13,222	\$ 23,113	\$ 23,313
(148,252)	(273,656)	(279,628)	(287,054)	(336,668)	(278,891)
\$ (146,445)	\$ (271,074)	\$ (273,594)	\$ (273,832)	\$ (313,555)	\$ (255,578)
\$ (1,112,854)	\$ 10,291,533	\$ 15,958,320	\$ 17,285,482	\$ 10,209,502	\$ 10,052,516
(40,406)	(291,919)	(113,877)	(14,789)	9,650	(115,313)
\$ (1,153,260)	\$ 9,999,614	\$ 15,844,443	\$ 17,270,693	\$ 10,219,152	\$ 9,937,203

Table 4

Dubuque Community School District
Fund Balances, Governmental Funds
Last Ten Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
General Fund:				
Nonspendable	\$ 350,242	\$ 430,051	\$ 410,272	\$ 444,900
Restricted	1,020,411	836,941	1,045,379	1,324,944
Unassigned	16,611,997	14,961,447	10,999,777	12,813,922
Reserved	0	0	0	0
Unreserved	0	0	0	0
Total General Fund	\$17,982,650	\$16,228,439	\$12,455,428	\$14,583,766
All other governmental funds:				
Restricted	\$33,195,580	\$31,389,035	\$31,924,664	\$32,233,090
Reserved	0	0	0	0
Unreserved, reported in				
Capital projects fund	0	0	0	0
Debt service fund	0	0	0	0
Special revenue funds	0	0	0	0
Total all other governmental funds	\$33,195,580	\$31,389,035	\$31,924,664	\$32,233,090
Total all governmental funds	\$51,178,230	\$47,617,474	\$44,380,092	\$46,816,856

Source: District Financial Records

Notes: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

Table 4

Dubuque Community School District
Fund Balances, Governmental Funds
Last Ten Years

2014	2013	2012	2011	2010	2009
\$ 534,198	\$ 551,464	\$ 626,239	\$ 644,808	\$ 0	\$ 0
1,377,816	1,463,431	1,398,368	1,894,368	0	0
20,055,617	26,768,208	26,932,135	16,911,942	0	0
0	0	0	0	1,343,743	1,541,028
0	0	0	0	7,449,116	4,393,552
\$21,967,631	\$28,783,103	\$28,956,742	\$19,451,118	\$ 8,792,859	\$ 5,934,580
\$21,207,707	\$27,881,942	\$24,353,957	\$16,354,207	\$ 0	\$ 0
0	0	0	0	8,600,545	6,947,435
0	0	0	0	4,427,498	3,271,080
0	0	0	0	72,864	115,299
0	0	0	0	3,506,028	2,259,376
\$21,207,707	\$27,881,942	\$24,353,957	\$16,354,207	\$16,606,935	\$12,593,190
\$43,175,338	\$56,665,045	\$53,310,699	\$35,805,325	\$25,399,794	\$18,527,770

Table 5

Dubuque Community School District
Governmental Funds Revenue
Last Ten Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Local sources:				
Local tax	\$ 52,088,173	\$ 51,125,151	\$ 45,751,376	\$ 44,918,498
Tuition	1,866,027	2,132,767	2,409,264	2,571,634
Other	5,154,425	4,476,876	4,269,622	4,461,057
Total local sources	\$ 59,108,625	\$ 57,734,794	\$ 52,430,262	\$ 51,951,189
State sources:				
State sources	\$ 84,703,581	\$ 84,387,919	\$ 82,675,004	\$ 81,462,443
Total state sources	\$ 84,703,581	\$ 84,387,919	\$ 82,675,004	\$ 81,462,443
Federal sources:				
Federal sources	\$ 6,582,364	\$ 6,150,614	\$ 6,607,619	\$ 6,277,627
Total federal sources	\$ 6,582,364	\$ 6,150,614	\$ 6,607,619	\$ 6,277,627
Total governmental funds revenue	\$150,394,570	\$148,273,327	\$141,712,885	\$139,691,259

Source: District Financial Records

Table 5

Dubuque Community School District
Governmental Funds Revenue
Last Ten Years

2014	2013	2012	2011	2010	2009
\$ 45,256,554	\$ 57,952,211	\$ 59,573,803	\$ 56,970,220	\$ 55,448,603	\$ 53,527,722
2,076,227	2,364,636	2,264,001	2,146,825	2,229,601	2,054,271
4,403,650	4,149,932	3,237,573	3,523,607	3,716,733	3,845,347
\$ 51,736,431	\$ 64,466,779	\$ 65,075,377	\$ 62,640,652	\$ 61,394,937	\$ 59,427,340
\$ 74,879,014	\$ 62,706,583	\$ 62,040,783	\$ 60,409,551	\$ 52,410,026	\$ 60,032,976
\$ 74,879,014	\$ 62,706,583	\$ 62,040,783	\$ 60,409,551	\$ 52,410,026	\$ 60,032,976
\$ 6,323,012	\$ 6,852,735	\$ 7,729,416	\$ 9,393,044	\$ 12,657,914	\$ 6,694,658
\$ 6,323,012	\$ 6,852,735	\$ 7,729,416	\$ 9,393,044	\$ 12,657,914	\$ 6,694,658
\$132,938,457	\$134,026,097	\$134,845,576	\$132,443,247	\$126,462,877	\$126,154,974

Table 6

Dubuque Community School District
Revenue by Source – General Fund
Last Ten Fiscal Years

	Fiscal Year				
	2018	2017	2016	2015	2014
Local sources					
Taxes	\$ 45,213,543	\$ 45,333,577	\$ 40,664,356	\$ 36,607,011	\$ 35,856,044
Tuition	1,866,027	2,132,767	2,409,264	2,571,634	2,076,227
Transportation	75,696	64,598	50,840	54,977	50,924
Interest	361,468	153,319	122,836	65,090	71,643
Student activities	137,769	140,750	160,673	162,048	158,018
Other local revenues	1,923,734	1,714,932	1,474,762	1,475,115	2,236,384
Subtotal local revenue	\$ 49,578,237	\$ 49,539,943	\$ 44,882,731	\$ 40,935,875	\$ 40,449,240
State sources					
State foundation aid	\$ 55,028,233	\$ 54,250,621	\$ 53,060,023	\$ 52,004,458	\$ 49,048,080
Instructional support	0	0	0	0	0
AEA flowthrough	5,191,338	5,014,640	4,981,385	4,928,817	4,723,656
Other state revenue	14,425,372	14,781,660	14,286,858	14,326,090	12,127,823
Subtotal state revenue	\$ 74,644,943	\$ 74,046,921	\$ 72,328,266	\$ 71,259,365	\$ 65,899,559
Federal sources					
Title I	\$ 2,235,477	\$ 1,940,671	\$ 2,113,675	\$ 1,651,588	\$ 1,597,490
Other federal revenue	4,346,887	4,209,943	4,493,944	4,626,039	4,725,522
Subtotal federal revenue	\$ 6,582,364	\$ 6,150,614	\$ 6,607,619	\$ 6,277,627	\$ 6,323,012
Other sources	\$ 402,070	\$ 119,789	\$ 221,127	\$ 260,191	\$ 360,473
Total revenue	\$131,207,614	\$129,857,267	\$124,039,743	\$118,733,058	\$113,032,284

Source: *District Financial Records*

Table 6

Dubuque Community School District
Revenue by Source – General Fund
Last Ten Fiscal Years

2013	2012	2011	2010	2009
\$ 37,460,938	\$ 43,252,276	\$ 41,381,061	\$ 39,500,291	\$ 38,480,604
2,364,636	2,264,001	2,146,825	2,229,601	2,054,271
38,311	39,418	35,099	34,133	29,432
79,149	154,800	212,981	306,352	210,070
153,964	307,725	321,686	279,663	257,654
1,591,477	889,746	904,610	958,946	1,176,120
\$ 41,688,475	\$ 46,907,966	\$ 45,002,262	\$ 43,308,986	\$ 42,208,151
\$ 48,166,131	\$ 47,711,831	\$ 44,937,511	\$ 37,662,216	\$ 45,392,552
0	0	0	0	174,406
4,515,012	4,496,822	4,922,517	4,802,377	4,321,171
10,020,866	9,829,379	10,546,522	9,941,876	10,141,446
\$ 62,702,009	\$ 62,038,032	\$ 60,406,550	\$ 52,406,469	\$ 60,029,575
\$ 1,806,912	\$ 1,613,871	\$ 1,667,226	\$ 1,685,273	\$ 1,665,591
5,045,823	6,115,545	7,663,954	10,884,504	5,029,067
\$ 6,852,735	\$ 7,729,416	\$ 9,331,180	\$ 12,569,777	\$ 6,694,658
\$ 470,082	\$ 498,391	\$ 611,753	\$ 406,526	\$ 407,252
\$111,713,301	\$117,173,805	\$115,351,745	\$108,691,758	\$109,339,636

Table 7

Dubuque Community School District
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Instruction	\$ 88,817,673	\$ 88,023,123	\$ 88,831,593	\$ 89,159,987
Student services	6,972,980	7,226,953	6,519,760	6,655,077
Instructional staff services	5,549,043	5,336,682	6,100,106	5,788,283
Administration services	14,885,160	13,458,720	14,124,857	13,506,629
Operation and maintenance of plant services	12,229,402	11,659,699	11,607,416	10,785,417
Transportation services	5,325,698	5,140,676	4,471,942	4,724,879
Non-instructional services	259,611	178,401	152,701	188,357
Facilities acquisition	15,970,203	16,114,278	5,336,369	14,428,903
Debt service:				
Principal	1,975,000	1,960,000	1,390,000	1,130,000
Interest	1,530,888	1,312,691	1,322,393	680,952
AEA flowthrough	5,191,338	5,014,640	4,981,385	4,928,817
Other	94,184	90,678	7,750	293,111
Total expenditures	\$158,801,180	\$155,516,541	\$144,846,272	\$152,270,412
Debt service as a percentage of noncapital expenditures	2.45%	2.34%	1.94%	1.31%

Source: District Financial Records

Notes: The District refinanced all of its bonds payable in fiscal year 2010. Details of the District's outstanding debt can be found in Note 5 in the Notes to the Financial Statements.

Table 7

Dubuque Community School District
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Years

2014	2013	2012	2011	2010	2009
\$ 83,822,176	\$ 77,794,350	\$ 76,101,088	\$ 73,454,458	\$ 74,290,782	\$ 73,729,323
6,305,561	5,492,706	5,252,695	5,034,660	5,053,316	5,093,057
5,750,601	4,602,493	3,984,983	3,566,495	3,422,804	3,552,175
12,725,816	12,389,626	12,341,464	12,875,379	10,602,780	10,349,190
9,599,256	9,057,962	8,702,928	8,406,122	8,554,178	8,958,199
5,612,731	4,277,877	4,120,582	4,003,962	3,465,091	3,019,418
156,327	364,825	135,718	155,648	306,817	93,675
25,750,982	14,520,178	4,919,944	1,471,553	3,547,438	3,718,729
4,850,000	7,600,000	7,200,000	8,710,000	33,299,833	7,466,208
354,007	341,075	412,250	523,617	1,007,098	1,482,355
4,723,656	4,515,012	4,496,822	4,922,517	4,802,377	4,321,171
116,998	166,710	143,819	1,037	316,635	229
\$159,768,111	\$141,122,814	\$127,812,293	\$123,125,448	\$148,669,149	\$121,783,729
3.88%	6.27%	6.19%	7.59%	23.6%	7.58%

Table 8

Dubuque Community School District
Expenditures by Function - General Fund
Last Ten Years

(modified basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Instruction:				
Regular	\$ 47,394,418	\$ 47,071,849	\$ 47,284,121	\$ 46,700,801
Special	26,366,029	26,076,191	25,286,808	26,048,304
Other	12,264,057	12,387,033	12,185,972	12,131,570
Total Instruction	\$ 86,024,504	\$ 85,535,073	\$ 84,756,901	\$ 84,880,675
Student Support Services:				
Attendance and social work	\$ 1,616,276	\$ 1,059,087	\$ 1,184,388	\$ 950,365
Guidance services	3,069,799	3,040,103	2,915,391	3,090,367
Health and psychological services	1,647,508	1,622,658	1,689,280	1,961,395
Speech, pathology, & audiology	426,901	374,330	417,725	442,247
Total Student Support Services	\$ 6,760,484	\$ 6,096,178	\$ 6,206,784	\$ 6,444,374
Staff Instruction Services:				
Improvement of instruction	\$ 2,423,340	\$ 2,057,115	\$ 2,831,815	\$ 2,597,937
Library media	2,482,720	2,474,035	2,542,262	2,487,240
Instruction-related technology	354,778	540,594	496,451	452,258
Academic student assessment	144,584	134,524	163,181	148,019
Total Staff Instruction Services	\$ 5,405,422	\$ 5,206,268	\$ 6,033,709	\$ 5,685,454
General Administration Services:				
Board of education	\$ 111,427	\$ 94,074	\$ 138,292	\$ 104,151
Executive administration	1,083,368	1,282,543	1,525,643	1,450,997
Special area administration	13,672	13,882	179,445	172,077
Total General Administration Services	\$ 1,208,467	\$ 1,390,499	\$ 1,843,380	\$ 1,727,225
School Administration Services	\$ 7,083,244	\$ 6,484,836	\$ 6,457,432	\$ 6,268,992
Business & Central Services:				
Business administration fiscal	\$ 1,593,762	\$ 1,261,532	\$ 1,256,942	\$ 1,245,087
Printing, publishing, & duplicating	197,596	230,742	193,677	210,811
Public information	412,648	250,486	245,308	223,791
Personnel	337,491	246,033	209,778	219,258
Administrative technology	1,307,922	1,235,336	1,281,806	1,249,120
Total Business & Central Services	\$ 3,849,419	\$ 3,224,129	\$ 3,187,511	\$ 3,148,067
Operation and Maintenance of Plant	\$ 9,772,332	\$ 9,224,569	\$ 9,011,252	\$ 9,319,185
Student Transportation	\$ 4,054,393	\$ 3,879,542	\$ 3,674,856	\$ 3,714,134
Community Service Operations	\$ 52,515	\$ 28,522	\$ 14,871	\$ 0
Funds Transfer	\$ 51,285	\$ 0	\$ 0	\$ 0
AEA Flowthrough	\$ 5,191,338	\$ 5,014,640	\$ 4,981,385	\$ 4,928,817
Total expenditures	\$129,453,403	\$126,084,256	\$126,168,081	\$126,116,923
Percentage Increase (Decrease)	2.67%	(0.07%)	0.04%	5.23%

Source: District Financial Records

Table 8

Dubuque Community School District
Expenditures by Function – General Fund
Last Ten Years

2014	2013	2012	2011	2010	2009
\$ 43,124,337	\$ 40,706,822	\$ 39,611,990	\$ 38,569,286	\$ 39,316,368	\$ 40,417,644
24,657,319	23,348,053	22,048,080	21,514,318	22,216,791	22,579,460
11,673,565	10,997,304	11,261,238	10,389,358	9,951,775	7,303,035
\$ 79,455,221	\$ 75,052,179	\$ 72,921,308	\$ 70,472,962	\$ 71,484,934	\$ 70,300,139
\$ 692,378	\$ 375,815	\$ 257,588	\$ 245,310	\$ 242,555	\$ 216,417
3,087,135	2,781,619	2,700,544	2,588,620	2,506,763	2,628,026
1,876,211	1,911,961	1,836,573	1,854,693	2,003,904	1,952,039
428,960	379,621	369,530	258,457	253,437	248,044
\$ 6,084,684	\$ 5,449,016	\$ 5,164,235	\$ 4,947,080	\$ 5,006,659	\$ 5,044,526
\$ 2,201,148	\$ 2,066,467	\$ 1,596,748	\$ 1,564,958	\$ 1,312,805	\$ 1,502,253
2,261,003	2,097,142	2,069,525	1,930,039	2,026,201	1,961,782
1,208,510	341,021	214,859	3,713	3,381	5,285
0	0	0	0	0	0
\$ 5,670,661	\$ 4,504,630	\$ 3,881,132	\$ 3,498,710	\$ 3,342,387	\$ 3,469,320
\$ 118,695	\$ 92,664	\$ 183,228	\$ 123,341	\$ 111,715	\$ 152,068
1,482,745	1,387,549	1,177,114	1,069,273	1,110,061	1,039,931
192,153	180,334	173,551	311,894	466,575	395,637
\$ 1,793,593	\$ 1,660,547	\$ 1,533,893	\$ 1,504,508	\$ 1,688,351	\$ 1,587,636
\$ 6,223,048	\$ 5,864,477	\$ 5,634,449	\$ 5,416,059	\$ 5,507,383	\$ 5,529,464
\$ 1,358,567	\$ 1,201,038	\$ 1,180,505	\$ 1,188,291	\$ 1,110,037	\$ 1,091,848
235,921	186,296	229,022	371,377	297,494	306,609
105,486	60,315	126,079	110,362	107,253	107,409
217,727	195,659	219,393	217,204	201,459	188,015
1,238,257	1,174,492	975,394	1,128,712	1,203,563	1,159,867
\$ 3,155,958	\$ 2,817,800	\$ 2,730,393	\$ 3,015,946	\$ 2,919,806	\$ 2,853,748
\$ 8,962,416	\$ 8,325,758	\$ 8,072,928	\$ 7,650,801	\$ 8,018,101	\$ 8,243,558
\$ 3,778,519	\$ 3,425,265	\$ 3,171,242	\$ 3,171,723	\$ 2,811,825	\$ 2,741,183
\$ 0	\$ 265,000	\$ 54,900	\$ 91,329	\$ 247,508	\$ 15,269
\$ 0	\$ 7,256	\$ 6,877	\$ 1,851	\$ 4,148	\$ 9,648
\$ 4,723,656	\$ 4,515,012	\$ 4,496,822	\$ 4,922,517	\$ 4,802,377	\$ 4,321,171
\$119,847,756	\$111,886,940	\$107,668,179	\$104,693,486	\$105,833,479	\$104,115,662
7.12%	3.92%	2.84%	(1.08%)	1.65%	4.03%

Table 9

Dubuque Community School District
Other Financing Sources and Uses and Net Change in Fund Balances
Governmental Funds
Last Ten Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Excess of revenues over (under) expenditures	\$ (8,406,610)	\$ (7,243,214)	\$(3,133,387)	\$(12,579,153)
Other financing sources (uses):				
Sales of property and equipment	\$ 40,507	\$ 81,522	\$ 24,410	\$ 96,994
Compensation for loss of capital assets	1,646,395	399,074	510,178	0
Transfers in	4,996,692	3,400,806	3,426,383	4,217,872
Transfers out	(4,716,228)	(3,400,806)	(3,264,348)	(4,054,195)
Revenue bonds net proceeds	10,000,000	10,000,000	0	15,960,000
Total other financing sources (uses)	\$11,967,366	\$10,480,596	\$ 696,623	\$ 16,220,671
Net change in fund balance	\$ 3,560,756	\$ 3,237,382	\$(2,436,764)	\$ 3,641,518

Source: *District Financial Records*

Table 9

Dubuque Community School District
Other Financing Sources and Uses and Net Change in Fund Balances
Governmental Funds
Last Ten Years

2014	2013	2012	2011	2010	2009
\$(26,829,654)	\$(7,096,717)	\$ 7,033,283	\$ 9,317,799	\$(22,206,272)	\$4,371,245
\$ 158,695	\$ 106,031	\$ 146,553	\$ 800,677	\$ 23,631	\$ 82,295
0	0	0	0	0	0
3,908,856	8,469,539	9,250,938	9,234,683	12,321,591	8,936,054
(3,760,604)	(8,195,883)	(8,975,742)	(8,947,627)	(11,984,923)	(8,657,163)
13,033,000	10,071,376	10,050,343	0	28,717,997	0
\$ 13,339,947	\$10,451,063	\$10,472,092	\$ 1,087,733	\$ 29,078,296	\$ 361,186
\$(13,489,707)	\$ 3,354,346	\$17,505,375	\$10,405,532	\$ 6,872,024	\$4,732,431

Table 10

Dubuque Community School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

(Unaudited)

Tax Levy Year	Fiscal Year	Actual Value				Less Exemptions	Total Taxable Value	Total Direct Rate (*)
		Residential Property	Commercial Property	Other Property	Total Property			
2016	2017-18	\$4,008,284,570	\$1,162,444,135	\$958,528,757	\$6,129,257,462	\$2,261,395,606	\$3,867,861,856	\$14.95665
2015	2016-17	\$3,950,604,087	\$1,161,442,205	\$919,917,882	\$6,031,964,174	\$2,246,002,419	\$3,785,961,755	\$14.97697
2014	2015-16	\$3,807,421,089	\$1,220,579,172	\$679,703,672	\$5,707,703,933	\$2,116,246,808	\$3,591,457,125	\$14.05629
2013	2014-15	\$3,735,243,695	\$1,223,371,310	\$635,758,386	\$5,594,373,391	\$2,024,655,305	\$3,569,718,086	\$13.99630
2012	2013-14	\$3,636,383,604	\$1,108,148,171	\$556,660,706	\$5,301,192,481	\$1,901,700,042	\$3,399,492,439	\$14.60281
2011	2012-13	\$3,584,139,640	\$1,107,954,369	\$545,384,690	\$5,237,478,699	\$1,941,516,491	\$3,295,962,208	\$15.40388
2010	2011-12	\$3,460,202,341	\$1,083,065,132	\$507,827,323	\$5,051,094,796	\$1,915,108,686	\$3,135,986,110	\$16.87685
2009	2010-11	\$3,400,988,084	\$1,066,381,565	\$466,520,254	\$4,933,889,903	\$1,931,149,023	\$3,002,740,880	\$16.88349
2008	2009-10	\$3,270,589,555	\$ 955,990,303	\$372,478,777	\$4,599,058,635	\$1,865,471,659	\$2,733,586,976	\$16.88112
2007	2008-09	\$2,853,522,831	\$ 900,890,827	\$365,894,560	\$4,120,308,218	\$1,592,339,503	\$2,527,968,715	\$16.40925

Sources: Dubuque County Auditor's Office and Jackson County Auditor's Office

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year.

* Per \$ 1,000 of taxable value.

Table 11

Dubuque Community School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

(rate per \$ 1,000 of assessed value)
(Unaudited)

Levy Year	Fiscal Year Ended June 30,	District Direct Rates				Overlapping Rates				
		General Purposes	Capital Purposes	Management Purposes	Total	County	Community College	Board of Education and Independents	City of Dubuque	City of Asbury
2016	2018	\$13.07590	\$1.00000	\$0.88075	\$14.95665	\$6.34143	\$1.09993	\$0.67396	\$10.89220	\$10.75365
2015	2017	\$13.37828	\$1.00000	\$0.59869	\$14.97697	\$6.29673	\$0.93757	\$0.70443	\$11.16739	\$10.50000
2014	2016	\$12.58536	\$1.00000	\$0.47093	\$14.05629	\$6.38779	\$0.91036	\$0.66641	\$11.02588	\$10.30963
2013	2015	\$11.48470	\$1.00000	\$1.51160	\$13.99630	\$6.43124	\$0.90807	\$0.67315	\$11.02588	\$10.30200
2012	2014	\$11.62865	\$1.00000	\$1.97416	\$14.60281	\$6.43124	\$0.90455	\$0.77468	\$11.02586	\$10.29932
2011	2013	\$12.70671	\$1.00000	\$1.69717	\$15.40388	\$6.43124	\$0.98407	\$0.80305	\$10.78477	\$10.28790
2010	2012	\$15.25931	\$1.00000	\$0.61754	\$16.87685	\$6.49167	\$1.07379	\$0.68380	\$10.45111	\$10.30123
2009	2011	\$15.14980	\$1.00000	\$0.73369	\$16.88349	\$6.50193	\$1.03532	\$0.61503	\$10.02741	\$10.30237
2008	2010	\$14.87364	\$1.00000	\$1.00554	\$16.87918	\$6.40435	\$0.99471	\$0.62393	\$ 9.85777	\$10.29738
2007	2009	\$15.02092	\$1.00000	\$0.86020	\$16.88112	\$6.40844	\$0.55714	\$0.72556	\$ 9.96904	\$10.30313

Sources: Dubuque County Auditor and Iowa Department of Management

Table 12

Dubuque Community School District
Principal Property Taxpayers
Current Year and Nine Years Ago

Current Year and Nine Years Ago
(Amounts expressed in thousands)
(Unaudited)

Taxpayer	2018 (1)			2009 (2)		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Peninsula Gaming Company LLC	\$ 57,401	1	1.48%			
Kennedy Mall	35,033	2	.91	\$ 26,372	1	.83%
Deere & Co.	32,267	3	.83			
Walter Development	25,443	4	.66	11,288	6	.36
Progressive Processing LLC	22,833	5	.59			
MAR Holdings LLC	19,218	6	.50			
McGraw Hill	14,603	7	.38	11,437	5	.36
GRTP Investments LLC	14,420	8	.37			
Platinum Holdings	14,174	9	.37	11,179	7	.35
Nordstrom, Inc.	13,320	10	.34	16,884	4	.53
Medical Associates Realty				19,157	2	.60
Otto A LLC				17,500	3	.55
Minglewood Limited Partnership				9,948	8	.31
Asbury Dubuque				9,896	9	.31
Lexington Dubuque LLC				9,844	10	.31
Total	<u>\$248,712</u>		<u>6.43%</u>	<u>\$143,505</u>		<u>4.51%</u>

Sources: *Dubuque County Auditor's Office and City of Dubuque's Comprehensive Annual Financial Report*
Dubuque County Auditor's Office (1) and City of Dubuque CAFR (2)

Table 13

**Dubuque Community School District
Property Tax Levies and Collections
Last Ten Fiscal Years**

(Unaudited)

Collection Fiscal Year Ending	Levy Fiscal Year Ending	Total Tax Levy	Collected in Fiscal Year		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Total Amount Collected	Percentage of Levy
2017-2018	2016	\$52,034,296	\$52,063,281	100.06%	\$24,892	\$52,088,173	100.10%
2016-2017	2015	\$51,092,912	\$51,087,769	99.99%	\$37,382	\$51,125,151	100.06%
2015-2016	2014	\$45,756,263	\$45,727,904	99.94%	\$23,473	\$45,751,377	99.99%
2014-2015	2013	\$45,011,938	\$44,895,410	99.74%	\$23,088	\$44,918,498	99.79%
2013-2014	2012	\$45,250,137	\$45,235,328	99.97%	\$21,226	\$45,256,554	100.01%
2012-2013	2011	\$45,730,866	\$45,741,269	100.02%	\$20,891	\$45,762,160	100.07%
2011-2012	2010	\$48,128,348	\$48,116,040	99.97%	\$22,237	\$48,138,277	100.02%
2010-2011	2009	\$46,298,936	\$46,256,166	99.91%	\$31,049	\$46,287,215	99.97%
2009-2010	2008	\$45,105,254	\$44,925,064	99.60%	\$ 1,136	\$44,926,200	99.60%
2008-2009	2007	\$43,350,451	\$43,301,067	99.89%	\$16,821	\$43,317,888	99.92%

Sources: *Dubuque County Auditor's Office and District Records*

Table 14

Dubuque Community School District
Outstanding Debt by Type
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	ISCAP Warrants Payable	Notes Payable	General Obligation Bonds	Sales Tax Revenue Bonds					
2018	\$ 0	\$ 0	\$ 0	\$62,538,000	\$ 0	\$62,538,000	1.4305%	\$645	
2017	\$ 0	\$ 0	\$ 0	\$54,513,000	\$ 0	\$54,513,000	1.2757%	\$561	
2016	\$ 0	\$ 0	\$ 0	\$46,473,000	\$ 0	\$46,473,000	1.1171%	\$482	
2015	\$ 0	\$ 0	\$ 0	\$47,863,000	\$ 0	\$47,863,000	1.2131%	\$500	
2014	\$ 0	\$ 0	\$ 0	\$33,033,000	\$ 0	\$33,033,000	0.8604%	\$347	
2013	\$ 0	\$ 0	\$ 0	\$24,850,000	\$ 0	\$24,850,000	0.6752%	\$263	
2012	\$ 0	\$ 0	\$ 0	\$22,450,000	\$ 0	\$22,450,000	0.6507%	\$239	
2011	\$ 0	\$ 0	\$ 0	\$19,650,000	\$ 0	\$19,650,000	0.5925%	\$211	
2010	\$ 0	\$ 0	\$ 0	\$28,360,000	\$ 0	\$28,360,000	0.8684%	\$306	
2009	\$5,000,000	\$ 0	\$ 0	\$33,299,833	\$ 0	\$38,299,833	1.2385%	\$414	

Source: District Financial Records

Details of the District's outstanding debt can be found in Note 5 in the Notes to the Financial Statements.

(a) See Table 18 for personal income and population data. These ratios are calculated using that data.

Table 15

Dubuque Community School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
City of Asbury	\$10,182,594	100.00%	\$ 10,182,594
City of Dubuque	73,024,641	100.00	73,024,641
Dubuque County	20,620,388	76.17	15,706,550
Northeast Iowa Community College	33,535,717	76.27	<u>25,577,691</u>
Subtotal, overlapping debt			\$124,491,476
District direct debt			<u>62,538,000</u>
Total direct and overlapping debt			<u>\$187,029,476</u>

Sources: *City of Asbury, City of Dubuque, County Auditor, and Northeast Iowa Community College*

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District'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.

(a): The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

Table 16

Dubuque Community School District
Legal Debt Margin Information
Last Ten Years

(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Debt Limit	\$193,393,093	\$189,298,088	\$179,572,856	\$178,485,904
Gross debt applicable to limit	\$ 62,538,000	\$ 54,513,000	\$ 46,473,000	\$ 47,863,000
Reserves for payments on debt	(7,356,814)	(6,172,660)	(6,030,627)	(5,453,733)
Total net debt applicable to limit	\$ 55,181,186	\$ 48,340,340	\$ 40,442,373	\$ 42,409,267
Legal debt margin	\$138,211,907	\$140,957,748	\$139,130,483	\$136,076,637
Total net debt applicable to the limit as a percentage of debt limit	28.5%	25.5%	22.5%	23.8%

Sources: *District Financial Records and Dubuque County Auditor*

Notes:

(a) Actual taxable value includes Tax Increment Financing

(b) Code of Iowa Section 296.1

Legal Debt Margin Calculation for Fiscal Year 2018

Actual taxable value (a)	\$3,867,861,856
Debt limit (5% of assessed value) (b)	193,393,093
Debt applicable to limit	55,181,186
Legal debt margin	<u>\$ 138,211,907</u>

Table 16

Dubuque Community School District
Legal Debt Margin Information
Last Ten Years

2014	2013	2012	2011	2010	2009
\$169,974,622	\$164,798,110	\$156,799,306	\$150,137,044	\$143,129,676	\$136,679,349
\$ 33,033,000	\$ 24,850,000	\$ 22,450,000	\$ 19,650,000	\$ 28,360,000	\$ 33,299,833
(3,187,807)	(7,004,837)	(6,911,747)	(5,704,327)	(7,875,854)	(6,209,000)
\$ 29,845,193	\$ 17,845,163	\$ 15,538,253	\$ 13,945,673	\$ 20,484,146	\$ 27,090,833
\$140,129,429	\$146,952,947	\$141,261,053	\$136,191,371	\$122,645,530	\$109,588,516
17.6%	10.8%	9.9%	9.3%	14.3%	19.8%

Table 17

Dubuque Community School District
Pledged - Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Actual Sales Tax Revenue	Debt Service			Estimated Debt Service and Coverage on the Bonds (without Revenue Growth)			Estimated Debt Service and Coverage on the Bonds (with Revenue Growth)		
		Principal	Interest	Coverage	Estimated Collection	Debt Service Combined P & I	Estimated Coverage	Estimated Collection	Debt Service Combined P & I	Estimated Coverage
2008	\$10,567,745	\$4,496,208	\$1,675,126	1.71						
2009	\$10,106,400	\$7,466,208	\$1,479,355	1.13						
2010	\$10,420,491	\$3,206,208	\$1,007,098	2.47						
2011	\$10,578,600	\$8,710,000	\$ 523,617	1.15						
2012	\$11,435,526	\$7,200,000	\$ 412,250	1.50						
2013	\$12,190,050	\$7,600,000	\$ 341,075	1.54						
2014	\$ 8,974,360	\$4,850,000	\$ 354,007	1.72						
2015	\$10,038,752	\$1,130,000	\$ 680,953	5.54						
2016	\$10,149,186	\$1,390,000	\$1,322,393	3.74						
2017	\$10,138,685	\$1,960,000	\$1,312,691	3.10						
2018	\$ 9,831,721	\$1,975,000	\$1,530,888	2.80						
2019					\$10,604,411	\$5,786,252	1.83	\$10,604,411	\$5,786,252	1.83
2020					\$10,696,280	\$5,783,605	1.85	\$10,865,322	\$5,783,605	1.88
2021					\$10,676,353	\$5,776,723	1.85	\$11,062,304	\$5,776,723	1.91
2022					\$10,676,353	\$5,775,193	1.85	\$11,283,550	\$5,775,193	1.95
2023					\$10,676,353	\$5,774,010	1.85	\$11,509,221	\$5,774,010	1.99
2024					\$10,676,353	\$5,774,350	1.85	\$11,739,405	\$5,774,350	2.03
2025					\$10,676,353	\$5,776,998	1.85	\$11,974,193	\$5,776,998	2.07
2026					\$10,676,353	\$5,780,802	1.85	\$12,213,677	\$5,780,802	2.11
2027					\$10,676,353	\$5,790,593	1.84	\$12,457,951	\$5,790,593	2.15
2028					\$10,676,353	\$7,866,435	1.36	\$12,707,110	\$7,866,435	1.62
2029					\$10,676,353	\$7,866,050	1.36	\$12,961,252	\$7,866,050	1.65
2030					\$ 7,295,508	\$3,896,275	1.87	\$ 9,016,821	\$3,896,275	2.31

Sources: School District Financial Records for actual data and Piper Jaffray & Co. for estimates of future sales tax collections.

Note: The revenue growth assumes a 2% increase with no changes to enrollment.

Table 18

**Dubuque Community School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

(Unaudited)

Calendar Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (2)	Certified Enrollment (3)
2018	97,003	\$4,371,731,000	\$45,068	N/A	10,506.8
2017	97,125	\$4,273,236,000	\$43,997	3.0%	10,555.8
2016	96,370	\$4,159,988,000	\$43,167	3.6%	10,587.9
2015	95,697	\$3,945,492,000	\$41,229	3.6%	10,633.7
2014	95,097	\$3,839,185,000	\$40,371	4.3%	10,578.6
2013	94,648	\$3,680,443,000	\$38,886	4.5%	10,513.3
2012	93,888	\$3,450,110,000	\$36,747	4.8%	10,469.8
2011	93,072	\$3,316,659,000	\$35,635	5.5%	10,517.4
2010	92,589	\$3,265,881,000	\$35,273	6.0%	10,697.2
2009	92,296	\$3,092,423,000	\$33,505	6.1%	10,614.2

Sources:

- (1) Bureau of Economic Analysis - Note that the information for Dubuque schools is not available. Information is based on the Dubuque Metropolitan Areas
- (2) Iowa Workforce Development
- (3) District Certified Enrollment Records

N/A - The information for the period is not available at report date

Table 19

Dubuque Community School District
Principal Employers
Current Year and Nine Years Ago

(Unaudited)

Taxpayer	2018 (1)			2009 (2)		
	# of Employees	Rank	Percentage of Total Employment	# of Employees	Rank	Percentage of Total Employment
Dubuque Community Schools	2,670	1	5.01%	1,955	1	3.76%
John Deere	2,600	2	4.88	1,465	2	2.82
Mercy Medical Center	1,360	3	2.55	952	4	1.83
Medical Associates Clinic, P.C.	1,030	4	1.93	826	6	1.59
Unity Point Health - Finley Hospital	900	5	1.69	900	5	1.73
City of Dubuque	820	6	1.54	657	8	1.26
Cottingham and Butler	572	7	1.07			
Sedgwick	550	8	1.03			
Heartland Financial	538	9	1.01			
Prudential Retirement	500	10	0.94	590	9	1.13
IBM				1,300	3	2.50
Eagle Window & Door				750	7	1.44
Dubuque Racing Association				525	10	1.01
Total	11,540		21.65%	9,920		19.07%

Sources:

(1) Greater Dubuque Development Corp.

(2) Information provided from the City of Dubuque Comprehensive Annual Financial Report

Table 20

Dubuque Community School District
Full-time Equivalent District Employees by Type
Last Ten Years

(Unaudited)				
	Fiscal Year			
	2018	2017	2016	2015
Supervisory:				
Superintendent	1.00	1.00	1.00	1.00
Associate superintendent	--	--	1.00	1.00
Principals	18.00	18.00	18.00	18.00
Assistant principals	13.00	13.00	13.00	13.00
All other administrators	8.00	8.00	9.00	9.00
Total supervisory	40.00	40.00	42.00	42.00
Instruction:				
Teachers - regular program	641.85	622.38	640.22	659.61
Teachers - special education program	208.60	195.60	196.60	194.50
Paraeducators - regular program	87.61	86.34	86.35	88.50
Paraeducators - special education program	285.85	282.74	268.68	263.70
Total instruction	1,223.91	1,187.06	1,191.85	1,206.31
Student services:				
Guidance counselors	33.00	33.00	33.00	33.00
Nurses	14.00	14.00	15.60	15.60
Media specialists	25.00	24.88	26.00	26.00
Other student services staff	39.00	29.00	25.00	25.00
Total student services	111.00	100.88	99.60	99.60
Support and administration:				
Clerical/secretarial	79.00	77.00	81.00	80.00
Custodial and maintenance	102.00	101.00	99.00	101.00
Food service	79.58	79.51	79.03	80.95
Bus drivers, attendants, truckers, mechanics	81.60	75.57	77.23	76.25
Other support services staff	13.00	13.00	13.00	14.00
Total support and administration	355.18	346.08	349.26	352.20
District Totals	1,730.09	1,674.02	1,682.71	1,700.11

Source: *District Payroll Records*

In 2014, mechanics were included with bus drivers, attendants and truckers not custodial and maintenance.

Table 20

Dubuque Community School District
Full-time Equivalent District Employees by Type
Last Ten Years

2014	2013	2012	2011	2010	2009
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00
18.00	18.00	18.00	18.50	19.50	19.50
13.00	13.00	13.00	12.00	11.00	14.00
9.00	9.00	6.00	7.50	10.50	11.50
42.00	42.00	39.00	40.00	43.00	47.00
629.95	623.14	604.40	590.53	638.87	639.09
173.83	163.11	153.00	159.77	171.96	174.36
78.26	84.34	82.23	75.57	53.82	54.38
258.81	250.77	259.71	244.01	260.71	270.88
1,140.85	1,121.36	1,099.34	1,069.88	1,125.36	1,138.71
31.00	30.00	30.00	31.00	30.00	31.00
16.60	17.20	16.20	18.20	21.40	21.40
24.50	24.00	18.50	19.90	21.20	21.20
20.00	14.00	12.00	9.00	9.00	9.00
92.10	85.20	76.70	78.10	81.60	82.60
77.75	76.75	77.75	79.00	79.88	85.57
99.00	98.00	98.00	103.00	111.00	112.00
81.95	82.64	80.48	78.39	78.25	78.58
78.38	76.30	68.95	61.66	60.37	62.70
14.00	14.00	11.50	12.50	12.50	11.00
351.09	347.69	336.68	334.55	342.00	349.85
1,626.03	1,596.25	1,551.72	1,522.53	1,591.96	1,618.16

Table 21

Dubuque Community School District
Operating Statistics
Last Ten Fiscal Years

(Unaudited)

					Total Governmental Activities Expenses	Cost Per Pupil	Percentage Change	FTE Teaching Staff	Pupil- Teacher Ratio	% of Students Receiving Free or Reduced-Priced Meals
Fiscal Year	Enrollment	General Fund Expenditures	Cost Per Pupil	Percentage Change						
2018	10,507	\$129,453,403	\$12,321	3.16%	\$145,624,976	\$13,860	3.01%	850.45	12.35	38.64%
2017	10,556	\$126,084,256	\$11,944	0.23%	\$142,034,740	\$13,455	0.04%	817.98	12.90	39.13%
2016	10,588	\$126,168,081	\$11,916	0.47%	\$142,407,363	\$13,450	2.08%	836.82	12.65	39.53%
2015	10,634	\$126,116,923	\$11,860	4.69%	\$140,115,740	\$13,176	2.19%	854.11	12.45	39.36%
2014	10,579	\$119,847,755	\$11,329	6.45%	\$136,390,090	\$12,893	9.24%	803.78	13.16	39.27%
2013	10,513	\$111,886,940	\$10,643	3.50%	\$124,079,595	\$11,802	3.65%	786.25	13.37	39.00%
2012	10,470	\$107,668,179	\$10,283	3.29%	\$119,212,795	\$11,386	3.73%	757.40	13.82	37.60%
2011	10,517	\$104,693,486	\$ 9,955	0.62%	\$115,444,822	\$10,977	0.40%	750.30	14.02	37.50%
2010	10,697	\$105,833,479	\$ 9,894	0.87%	\$116,948,040	\$10,933	(0.36%)	810.83	13.19	37.80%
2009	10,614	\$104,115,662	\$ 9,809	5.15%	\$116,463,644	\$10,973	10.23%	813.45	13.05	36.30%

Source: District Financial Records, District Payroll Records, and the Iowa Department of Education

Table 22

Dubuque Community School District
School Building Information
Last Ten Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Elementary:				
Audubon (1973)				
Square feet	37,992	37,992	37,992	37,992
Capacity	336	336	336	336
Enrollment	256	264	289	314
Bryant (1940)				
Square feet	30,724	30,724	30,724	30,724
Capacity	263	263	263	263
Enrollment	290	333	311	263
Carver (2007)				
Square feet	69,902	69,902	69,902	69,902
Capacity	574	574	574	574
Enrollment	570	528	550	586
Eisenhower (1970)				
Square feet	63,455	63,455	63,455	63,455
Capacity	460	460	460	460
Enrollment	531	532	523	532
Fulton (1939)				
Square feet	35,098	35,098	35,098	35,098
Capacity	264	264	264	264
Enrollment	314	359	292	284
Hoover (1970)				
Square feet	28,663	28,663	28,663	28,663
Capacity	231	231	231	231
Enrollment	339	345	330	324

Source: *District Records*

Notes: During the 2009-10 school year, an extensive facilities study was completed by architects and all building capacities were adjusted.

Table 22

Dubuque Community School District
School Building Information
Last Ten Years

2014	2013	2012	2011	2010	2009
37,992	37,992	37,992	37,992	37,992	37,992
336	336	336	336	336	390
290	259	290	259	309	284
30,724	30,724	30,724	30,724	30,724	30,724
263	263	263	263	263	390
266	284	303	316	315	321
69,902	66,202	66,202	66,202	66,202	66,202
574	524	524	524	524	624
587	575	580	562	497	435
63,455	63,455	63,455	63,455	63,455	63,455
460	460	460	460	460	624
547	525	523	547	557	547
35,098	35,098	35,098	35,098	35,098	35,098
264	264	264	264	264	312
287	283	285	274	271	215
28,663	28,663	28,663	28,663	28,663	28,663
231	231	231	231	231	312
317	282	246	258	278	281

Table 22

Dubuque Community School District
School Building Information
Last Ten Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Elementary:				
Irving (1951)				
Square feet	79,064	79,064	79,064	79,064
Capacity	492	492	492	492
Enrollment	507	462	515	532
Kennedy (1965)				
Square feet	69,353	69,353	69,353	69,353
Capacity	691	691	691	691
Enrollment	597	597	603	592
Lincoln (1940)				
Square feet	37,692	37,692	37,692	37,692
Capacity	296	296	296	296
Enrollment	276	265	267	273
Marshall (1939)				
Square feet	33,956	33,956	33,956	33,956
Capacity	248	248	248	248
Enrollment	317	335	309	301
Prescott (Demolished and Rebuilt 2006)				
Square feet	65,836	65,836	65,836	65,836
Capacity	375	375	375	375
Enrollment	295	277	273	270
Sageville (1956)				
Square feet	42,237	42,237	42,237	42,237
Capacity	299	299	299	299
Enrollment	293	287	298	284
Table Mound (1960)				
Square feet	51,758	51,758	51,758	51,758
Capacity	370	370	370	370
Enrollment	414	393	420	442

Table 22

Dubuque Community School District
School Building Information
Last Ten Years

2014	2013	2012	2011	2010	2009
79,064	79,064	79,064	79,064	79,064	79,064
492	492	492	492	492	624
562	537	540	525	494	477
52,953	52,953	52,953	52,953	52,953	52,953
491	491	491	491	491	624
560	537	542	511	508	491
37,692	37,692	37,692	37,692	37,692	37,692
296	296	296	296	296	390
290	314	292	286	374	336
33,956	33,956	33,956	33,956	33,956	33,956
248	248	248	248	248	312
319	308	279	249	263	267
65,836	65,836	65,836	65,836	65,836	65,836
375	375	375	375	375	312
281	302	287	298	266	265
42,237	42,237	41,612	41,612	41,612	41,612
299	299	299	299	299	390
282	281	280	278	281	313
51,758	51,758	51,758	51,758	51,758	51,758
370	370	370	370	370	546
467	446	410	422	435	449

Table 22

Dubuque Community School District
School Building Information
Last Ten Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
Middle Schools:				
Jefferson (1922)				
Square feet	89,948	89,948	89,948	89,948
Capacity	620	620	620	620
Enrollment	530	567	552	594
Roosevelt (2005)				
Square feet	206,000	206,000	206,000	206,000
Capacity	1,050	1,050	1,050	1,050
Enrollment	1,096	1,130	1,161	1,157
Washington (1920)				
Square feet	98,330	98,330	98,330	98,330
Capacity	657	657	657	657
Enrollment	648	683	684	681
High Schools:				
Alta Vista Campus (1963)				
Square feet	27,177	27,177	27,177	27,177
Capacity	150	150	150	150
Enrollment	0	0	0	0
Hempstead (1970)				
Square feet	342,000	342,000	342,000	261,268
Capacity	2,532	2,532	2,532	1,657
Enrollment	1,712	1,645	1,643	1,653
Senior (1920)				
Square feet	356,628	286,611	286,611	286,611
Capacity	2,282	1,657	1,657	1,657
Enrollment	1,588	1,626	1,624	1,618

Note: The Alta Vista Campus is an alternative learning program for grades 8-12. It was a preschool from 2005-2006 through the 2010-2011 school year.

Table 22

Dubuque Community School District
School Building Information
Last Ten Years

2014	2013	2012	2011	2010	2009
89,948	89,948	89,948	89,948	89,948	89,948
620	620	620	620	620	775
569	594	567	583	600	616
206,000	206,000	206,000	206,000	206,000	206,000
1,050	1,050	1,050	1,050	1,050	1,400
1,106	1,132	1,127	1,162	1,104	1,113
98,330	92,830	92,830	92,830	92,830	92,830
657	657	657	657	657	775
668	672	671	637	642	639
27,177	26,427	26,427	26,427	26,427	26,427
150	150	150	68	68	184
0	0	0	51	61	71
261,268	261,268	261,268	261,268	261,268	261,268
1,657	1,657	1,657	1,657	1,657	1,920
1,643	1,614	1,681	1,756	1,727	1,823
286,611	286,611	286,611	286,611	286,611	286,611
1,657	1,657	1,657	1,657	1,657	1,920
1,635	1,618	1,593	1,542	1,516	1,468

Table 22

Dubuque Community School District
School Building Information
Last Ten Years

(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2018	2017	2016	2015
High Schools: (continued)				
Central Alternative (1906)				
Square feet	---	---	---	---
Capacity	---	---	---	---
Enrollment	---	---	---	---
Other District Facilities:				
Forum (1979)				
Square feet	24,959	24,959	24,959	24,959
Warehouse/Central Kitchen (1981)				
Square feet	33,000	33,000	33,000	33,000
Bus Garage (1985)				
Square feet	11,020	11,020	11,020	11,020
Buildings and Grounds (1985)				
Square feet	13,680	13,680	13,680	13,680
Buildings and Grounds Warehouse (1985)				
Square feet	5,000	5,000	5,000	5,000
Buildings and Grounds Storage (2015)				
Square feet	4,200	4,200	4,200	---

Note: Central Alternative school building was sold in November of 2010.

Table 22

Dubuque Community School District
School Building Information
Last Ten Years

2014	2013	2012	2011	2010	2009
---	---	---	---	89,948	89,948
---	---	---	---	620	775
---	---	---	---	600	616
24,959	24,959	24,959	24,959	24,959	24,959
33,000	33,000	33,000	33,000	33,000	30,000
11,020	11,020	11,020	11,020	11,020	11,020
13,680	13,680	13,680	13,680	13,680	13,680
5,000	5,000	5,000	5,000	5,000	5,000
---	---	---	---	---	---

Table 23

**Dubuque Community School District
Certified Staff Salaries
Last Ten Fiscal Years**

(Unaudited)

School Year	Minimum	Maximum	Average
2017 - 2018	\$30,221	\$73,425	\$46,559
2016 - 2017	\$29,906	\$72,738	\$46,295
2015 - 2016	\$29,906	\$72,738	\$46,060
2014 - 2015	\$29,117	\$71,161	\$44,438
2013 - 2014	\$28,192	\$69,020	\$43,335
2012 - 2013	\$27,865	\$60,468	\$42,785
2011 - 2012	\$27,645	\$59,990	\$43,122
2010 - 2011	\$27,645	\$59,990	\$42,888
2009 - 2010	\$27,695	\$60,097	\$44,127
2008 - 2009	\$28,095	\$60,815	\$44,648

Source: *District Payroll Records*

Note: Average salary includes supplemental Phase payments in all years prior to 2009-10. The Iowa legislature eliminated funding for the Phase program going forward. Salaries do not include Teacher Salary Supplement for any year.

COMPLIANCE SECTION

Dubuque Community School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY18	\$ 546,666
National School Lunch Program	10.555	FY18	2,727,077 *
Summer Food Service Program for Children	10.559	FY18	<u>16,056</u>
			<u>\$3,289,799</u>
 Fresh Fruit and Vegetable Program	 10.582	 FY18	 <u>\$ 76,742</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to LEA	84.010	FY18	<u>\$2,235,477</u>
 Vocational Education – Basic Grants to States	 84.048	 FY18	 <u>\$ 121,141</u>
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126	FY18	<u>\$ 84,284</u>
Education for Homeless Children and Youth	84.196	FY18	<u>\$ 40,000</u>
Improving Teacher Quality Grants	84.367	FY18	<u>\$ 326,283</u>
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY18	<u>\$ 466</u>
 Keystone Area Education Agency:			
Special Education – Grants to States	84.027	FY18	<u>\$ 536,817</u>
 English Language Acquisition Grants	 84.365	 FY18	 <u>\$ 5,195</u>
 Total			 <u>\$6,716,204</u>

* Includes \$365,771 of non-cash awards

See Notes to Schedule of Expenditures of Federal Awards

Dubuque Community School District

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Dubuque Community School District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule 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 Dubuque Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Dubuque Community School District.

Note 2: Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Dubuque Community School District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Dubuque Community School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

<u>Findings</u>	<u>Status</u>	<u>Corrective Action Plan or Other Explanation</u>
Reportable Conditions in Internal Control		
None		
Reportable Conditions in Administering Federal Awards		
None		
Other Findings Related to Required Statutory Reporting		
None		

Telephone 563/556-3392
FAX 563/556-3443

Jim Kircher & Associates, P.C.
Certified Public Accountants

815 Century Drive
Dubuque, Iowa 52002

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 Board of Education of
Dubuque Community School District:

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of Dubuque Community School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Dubuque Community School District's basic financial statements, and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dubuque Community School District'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 Dubuque Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dubuque Community School District'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dubuque Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2018 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. 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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JIM KIRCHER & ASSOCIATES, P.C.

Dubuque, Iowa
December 10, 2018

Telephone 563/556-3392

FAX 563/556-3443

Jim Kircher & Associates, P.C.
Certified Public Accountants

815 Century Drive
Dubuque, Iowa 52002

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE

To The Board of Education of
Dubuque Community School District:

Report on Compliance for Each Major Federal Program

We have audited the Dubuque Community School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Dubuque Community School District's major federal programs for the year ended June 30, 2018. Dubuque Community School District'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 compliance for each of the Dubuque Community School District'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 types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dubuque Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Dubuque Community School District 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 major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Dubuque Community School District 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 Dubuque Community School District'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 Dubuque Community School District's internal control over compliance.

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

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

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

JIM KIRCHER & ASSOCIATES, P.C.

Dubuque, Iowa
December 10, 2018

Dubuque Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with the Uniform Guidance Section 200.516.
- (g) Major programs were as follows:
 - 1) CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Dubuque Community School District did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INTERNAL CONTROL DEFICIENCIES:

We did not identify any deficiencies in internal control over major programs that we consider to be material weaknesses.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Dubuque Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-18 Certified Budget - Expenditures for the year ended June 30, 2018, did not exceed the amounts budgeted.
- IV-B-18 Questionable Expenditures - No expenditures we believe that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
- IV-C-18 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-18 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-18 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-18 Board Minutes - We noted no transaction requiring Board approval which had not been approved by the Board.
- IV-G-18 Certified Enrollment - No variances in the basic enrollment data certified by the Iowa Department of Education were noted.
- IV-H-18 Supplementary Weighting - 2.485 variances regarding supplementary weighting certified to the Iowa Department of Education were noted.
- Recommendation - A procedure will be put in place to reconcile data collected by the District before submission to the Iowa Department of Education.
- Response - We will attempt to develop such a procedure.
- IV-I-18 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-18 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-K-18 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

Dubuque Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

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

IV-L-18 **Statewide Sales, Services and Use Tax** - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2018, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$12,679,256
Revenues/transfers in:		
Statewide sales, services and use tax	\$ 9,831,721	
Sale of long-term debt	10,000,000	
Investment income	173,966	
Other local revenue	100	
Refund of prior year expenditures	<u>530,584</u>	\$20,536,371
Expenditures/transfers out:		
School infrastructure:		
Construction	\$13,150,803	
Equipment	2,209,894	
Other	465,182	
Transfers to other funds	<u>4,656,494</u>	<u>\$20,482,373</u>
Ending balance		<u>\$12,733,254</u>

For the year ended June 30, 2018, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-18 **Revenue Bonds** - The District has established the reserve account required by the revenue bond resolution. In addition, the required monthly transfers from the revenue account to the sinking account were made by the District.