
City of Dubuque
Municipal Services
Center
925 Kerper Court

About the Cover:
City of Dubuque Municipal Services Center
Dedicated September 20, 2005

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Pregler Photography

CITY OF DUBUQUE, IOWA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005

Prepared by:
Department of Finance

INTRODUCTORY SECTION

CITY OF DUBUQUE, IOWA

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CITY OF DUBUQUE, IOWA

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THE CITY OF DUBUQUE
Showing the Spirit.

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November 8, 2005

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

The Comprehensive Annual Financial Report (CAFR) of the City of Dubuque, Iowa, for the fiscal year ended June 30, 2005, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is presented in four sections: Introductory Section, Financial Section, Statistical Section and Compliance Section. The Introductory Section includes this transmittal letter, the City's organizational chart, the list of principal officials, a Certificate of Achievement for Excellence in Financial Reporting from the Governmental Finance Officers Association of the United States and Canada and a table of contents. The Financial Section includes the independent auditor's report, management's discussion and analysis, the basic financial statements, required supplementary information and other supplementary information. The Statistical Section includes unaudited financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and grants, are included in the Compliance Section of this report.

This report includes all funds of the City of Dubuque, as well as its component unit. Component units are legally separate entities for which the City of Dubuque is financially accountable. The City provides a full range of services including; police and fire protection, sanitation services, the construction and maintenance of roads, streets, and infrastructure, inspection and licensing functions, maintenance of grounds and buildings, municipal airport, library, recreational activities and cultural events. In addition to general government activities, the municipality owns and operates enterprises for a water system, water pollution control facility, stormwater system, parking facilities, refuse collection, and public transportation. Beginning with the 2001 fiscal year, the City is required by its Vision Iowa contract to report its America's River Project funds as a separate enterprise fund. Also, the governing body is financially accountable for the operations of the Dubuque Library Board, Airport Commission, Civic Center Commission, Cable TV Commission, Transit Board, and the Park and Recreation Commission. These activities are not legally separate entities, and therefore are included in the reporting entity.

This report includes the Dubuque Metropolitan Area Solid Waste Agency (DMASWA) as a discretely presented component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City of Dubuque and to differentiate its financial position and results of operations from those of the City. The City of Dubuque appoints a voting majority to the DMASWA governing board and operates the landfill.

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

PROFILE OF THE GOVERNMENT

The City of Dubuque is located on the Mississippi River in northeast Iowa, adjacent to the states of Illinois and Wisconsin. The City was founded by Julien Dubuque in 1785 and is the oldest City in Iowa. The City of Dubuque has a unique combination of the old and new, ranging from cable cars, Victorian architecture, and a Civil War shot tower, to an enclosed shopping mall, riverboat casino, and a pari-mutuel dog track with a slot machine casino. Dubuque has a stable and diversified manufacturing base and is the major tri-state retail center. Employment growth was strong throughout the year, as Dubuque ended the fiscal year with an unemployment rate of approximately 4.8 percent. The City of Dubuque currently has a land area of 29.46 square miles, including the 700 acres recently annexed, and a census 2000 population of 57,686. As the largest City in the tri-state area, Dubuque serves as the hub of a trade area with a population estimated at 250,000.

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

ECONOMIC CONDITION AND OUTLOOK

Development of Dubuque Industrial Center West continues. The first phase of the 550-acre development of City owned land made 135 acres available for medium to heavy industrial uses and 2005-2006 development will result in another 100 acres available for sale. Dubuque Area Industrial Development Corporation has sold its 40,000 square foot speculative industrial building located on twelve acres of Dubuque Industrial Center West to Walter Development. The McGraw-Hill Company completed a 330,000 square foot warehouse and distribution center at Dubuque Industrial Center West in 2002. Also, the development of 17 acres by Alliant Energy and construction of their new operations facility was completed. Giese Manufacturing constructed a 30,000 square foot manufacturing facility on a 5-acre site in 2003. The Adams Company completed a 50,000 square foot manufacturing facility in 2004. The former Vessel Systems constructed a new 31,000 square foot manufacturing facility. In 2005, the City will complete construction of Synergy Court, creating four industrial lots available for development. Tri-State Industries began construction of a 30,000 square foot manufacturing facility on one of the completed lots on Synergy Court. The John G. Bergfeld Recreation Area provides recreation opportunity for employees who work in the park, as well as the public. Amenities included in the Recreation Area include Bergfeld Park and Trail system along with a pavilion, pond and two fishing piers. Dubuque Industrial Center West complements the city-owned, 100-acre Dubuque Technology Park located on the south side of Dubuque adjacent to U.S. 151/61. The Tech Park has four occupants: Advanced Data-Comm, Cartegraph, Integreat, and McLeod USA.

Eagle Window & Door moved into a 400,000 square foot manufacturing facility in the Kerper Boulevard Industrial Park, in 2000. This $17,000,000 project added 168 employees. Flynn Ready Mix constructed a new state-of-the-art facility on Kerper Court in 2002. Quebecor World expanded its operations in 2003 into the former McGraw-Hill facility on Kerper Boulevard with a $28 million investment in remodeling and equipment. Barnstead International expanded operations in 2003, increasing employment by 23 positions and moving the Ever Ready Thermometer Company to Dubuque. In 2005 the City of Dubuque completed construction of the new Municipal Services Center. This 124,600 square foot facility provided for the co-location of water, transit, streets and solid waste services. This facility is also equipped to serve as an emergency operations center for the city.

CIGNA, occupying a new 115,000 square foot office building in downtown Dubuque, sold its retirement services business to Prudential Financial, who assumed the job creation contract requirements of the city and state. In 2003 SISCO, a Dubuque based third-party insurance administrator, renovated the historic Town Clock Building adjacent to their downtown Dubuque facility. The renovation provided SISCO the potential to house another 100 employees.

Other downtown development includes the construction of the three-story Harbor View Building at 300 Main Street in 2002. The building is home to the Dubuque Area Chamber of Commerce and the Greater Dubuque Development Corporation and offers additional office space for lease. The $2.5 million renovation of the basement, first and second floors of the Cooper Wagon Works building (Bricktown) at Third and Main Street was completed in 2002. The building houses a restaurant, lounge, and banquet facilities. The Iowa Inn, former downtown YMCA, located at

9th and Iowa Street, underwent a $3.3 million renovation to convert to 33 units for low-income senior housing in 2002. Since 2002, Pepper Sprout Restaurant offers gourmet dining in a renovated historic building in the Old Main District. Café Manna Java is a bakery and coffee shop serving light lunch and dinner since 2003. "Lot 1," a historical renovation of a building at First and Main, was completed in 2004. The former Weber Paper building has been adaptively reused to house Shepherd Publishing, which brought 70 jobs to downtown Dubuque, Platinum Services and River City Gift Shop. Heartland Financial USA completed the $10 million renovation of the former Walsh hardware store on 13th and Central in 2004. The company, which provides services to its banks throughout the country has committed to employing 45 new positions within five years although by mid 2005 they had created 69 new positions. Construction and historic restoration of the Gronen Buildings along Main Street will result in the creation of six plus storefronts as well as the creation of 30 affordable downtown housing units. Construction is underway for a new downtown public elementary school. When completed, this school will be the first fine arts magnet charter school. The City has worked in collaboration with a local lender to formulate the Washington Neighborhood Revitalization District. Efforts will focus improved housing as well as adaptive reuse of several warehouse structures into housing units.

On Dubuque's west side, development of 330,000 square feet of retail space in Asbury Plaza began in July 2001. The plaza encompasses 190 acres and is anchored by Hy-Vee Food Store. Hallmark; Michael's; Old Navy; Bed, Bath & Beyond; Dress Barn; Famous Footwear; Pier One; Petco; Sally Beauty Supply; EB Games; and Next Generation Wireless were added to the Asbury Plaza since 2001. Kohl's Department Store opened in October 2004. Star Cinema, a new state of the art 14 screen movie complex and Hudson's Classic Grill opened for business mid 2005. Additional restaurants including, Red Robin Gourmet Burgers, are scheduled to open late 2005. Menards relocated to a new 162,340 square foot retail facility on the west side in May 2002, with Hobby Lobby taking over its old facility.

With the recent economic growth, the City has annexed almost 4,000 acres since 1995. In contrast, only 40 acres were annexed in the first half of the 1990's. This is consistent with the non-residential construction numbers in the community. From 1990-1998 the City averaged 350,000 square feet of non-residential construction per year. In the five years from 1999-2004, the City has averaged almost 1,000,000 square feet of non-residential construction per year.

MAJOR INITIATIVES

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

Downtown revitalization continued as a high priority of City Council, with programs such as the Downtown Rehabilitation Loan Program and Facade Grant Program providing incentives for property improvement in the downtown area. The opening of Eighth Street to traffic through the plaza was the first phase of a multi-million-dollar update of the Town Clock Plaza to meet the current development and functional needs of the downtown. The second phase was to open the Town Clock Plaza from Fifth to Eighth Street to vehicle traffic, which was completed and opened to traffic in August 2002. The City continued implementation of major parking expansion to meet the increased parking demand in the downtown area. Included in the expansion was a three-level, 240-space addition to the existing parking ramp at Fifth and Iowa Street, and construction of a new 400 space parking ramp facility at Third and Iowa Street, which opened in June 2002. The City also sponsored a downtown visioning process in conjunction with state and local partners. A downtown master plan was completed in 2004. The Five Flags Civic Center transitioned to private management in July 2004 with SMG becoming the City's agent to manage the facility.

Construction for the last phase of the Northwest Arterial, from JFK Road to U.S. 52, was completed in September 2002. The Southwest Arterial Environmental Assessment was completed in 2005. Using a $1.9 million federal appropriation, the City has contracted for preliminary design with Earth Tech.

American Eagle Airlines has maintained its four flights per day to Chicago's O'Hare Airport. In the past year the airline industry continued to struggle and underwent monumental economic losses, causing them to request incentives, cut flights and declare bankruptcies. The ever increasing cost of fuel raises the load factor break-even point to almost 75% for cities of our size. The Airport held meetings with the business leaders in Dubuque who indicated a belief that air connectivity is an essential component of a vital, growing business community. Business leaders reminded us that transportation infrastructure is economic development and commercial air service must remain a priority for our community and region.

We share the same goal - a regional airport that provides commercial air service at competitive fares, expanded connectivity to multiple hubs and flight frequency required by national and global businesses.

Airport staff is currently nearing completion on the Environmental Assessment (EA) for the land acquisition required for the terminal area. The EA generally takes up to one year, and we are optimistically looking at finalizing this project at the end of 2005.

The Airport Master Plan was approved by the Airport Commission in 2004.

The new jet bridge has been assisting passengers since late June 2005 providing commercial flyers the convenience of the bridge without the outside elements while boarding the American Airlines regional jet.

The Airport is currently constructing a snow removal storage building. This building will house equipment and supplies for winter operations which is being funded through an Airport Improvement Grant with 95% coming from the federal government and 5% through Passenger Facility Charges.

Implementation of the City Council's Neighborhood Reinvestment Strategy continued to provide many 'quality of life' improvements for residents. The Community Oriented Policing Program expanded to include other City departments in landlord training and building code enforcement. Dubuque is one of the safest places to live in the Midwest, and 15 police officer positions have been added since 1994 to implement new programs and enhance police coverage. The Housing and Community Development Department continued housing rehabilitation efforts, including various home ownership initiatives. During the past fiscal year, 13 families were assisted in purchasing their first home through use of Community Development Block Grant (CDBG) and Federal Home Loan Bank award funds. The Department provides approximately $4 million annually in rental assistance for lower-income families, utilizing funding from the HUD Section 8 Program. A $2.4 million award received in FY04 from HUD's Lead Hazard Reduction Program has resulted in completion of more than 100 'lead-safe' housing units, reducing lead paint hazards in housing occupied by young children. The City assisted Gronen Restoration to obtain $2.4 million in Low Income Housing Tax Credits from the Iowa Finance Authority. This award helped fund a $5.3 million adaptive re-use of the former Dubuque Casket Factory into 35 affordable apartments. And the *Washington Revitalize*! initiative, to organize a resident-based reinvestment strategy for the Washington Neighborhood, had a successful kick-off in FY05. In total, the Housing and Community Development Department invested more than $9.2 million in homeowner and rental activities, matched by approximately $1 million in private contributions.

The *America's River* project is a public/private partnership between the City of Dubuque, the Dubuque County Historical Society, the Dubuque Area Chamber of Commerce, and Dubuque County to carry out a comprehensive $188 million riverfront development in the Port of Dubuque. A $40 million Vision Iowa Grant from the State of Iowa, with $20 million going to the City, has leveraged additional state and federal grants. This area already includes historic sites, such as a Civil War Shot Tower, the *William M. Black* steamboat, National Mississippi River Museum and Aquarium, Dubuque Star Brewery, and the Ice Harbor. Recent progress on riverfront development included the following:

- *Port of Dubuque Master Plan*
  A strategic plan for the Port of Dubuque with land uses, economic analyses, and design standards was adopted in 2002.

- *National Mississippi River Museum and Aquarium-opened June 2003*
  The National Mississippi River Museum and Aquarium is a world-class interpretive facility for the entire Mississippi River. The Center boasts 15 aquariums, including five that measure 30 feet across. A dynamic immersion theater surrounds visitors with the story of the Mississippi River's creation, its floods, its history, and its underwater life. An outdoor wetland features natural and living history with floating laboratories and classrooms. Stream tables let visitors create their own rivers, and the educational overnight program lets visitors sleep on a "Boat and Breakfast" on a national historic landmark steamboat.

- *Heritage Trail Riverfront System*
  Fifteen and one-half miles of an 18-mile extension of the Heritage Trail from the north end of Dubuque through downtown, to the Mines of Spain State Recreation Area have been built since 1999. The bike/hike trail has both off-road and on-street segments. The Heritage Trail Riverfront System, with links to riverfront parks and the Port of Dubuque, is a major recreational amenity and alternative transportation system for the community.

- *River's Edge Plaza-opened in 2002*
  Construction was completed on a 5,000 square foot plaza outside the floodwall gate at the historic Ice Harbor. This plaza serves as the City's riverfront gateway, as well as a landing for large steamboats.

- *Mississippi Riverwalk-opened in 2003*
  Construction was completed in 2003 for the one-mile Mississippi Riverwalk Recreational Trail at the Port of Dubuque. This 15-foot wide promenade includes benches, historic lighting, shade structures, and cascading stairs to the river.

- *Grand Harbor Resort and Waterpark-opened November 2002*
  A 196-room seven-story hotel, and a 24,000 square foot indoor water park were opened.

- *Grand River Center-opened October 2003*
  The 115,000 square foot education and conference center has an exhibit hall, ballroom, meeting rooms, pre-function space, and underground and surface parking.

- *Star Brewery Building-$6.5 renovation*
  A proposal for a mixed-use complex was received in November 2002 for the renovation and reuse of the 40,000 square foot historic building. The Alexander Company supervised an initial $1 million rehabilitation. A request for proposals was issued in October 2005 to find a developer to complete the project.

- *Phase II Riverfront Development*
  Phase II development is underway. The City purchased approximately 20 acres of former logging and saw mill operations in 2003 and demolished the structures. The City also purchased the Adams Company, and relocation of this company was completed in 2004. Stealth Racing property was purchased in 2005. These acquisitions were made possible through federal grants of over $2.3 million.

For the Future. The Mayor and City Council will continue to take action to achieve their goals of maintaining a strong local economy, sustaining stable property tax levies, and enhancing the safety and security of citizens through neighborhood vitality. The City staff will work to implement the City Council's vision that Dubuque is a "Masterpiece on the Mississippi." A program of comprehensive service reviews has continued as a vehicle for analyzing City services, identifying opportunities for improvement, and determining areas of possible cost reductions.

The goal of the service review program is to ensure that services desired by the citizens are provided in the most cost effective and efficient method possible. The City Council's goals for the next five years and beyond include the following:

- Improved connectivity: transportation and telecommunications
- Planned and managed growth
- Diverse, strong Dubuque economy
- Riverfront development
- Partnering for a better Dubuque

Specific programs are being implemented by City staff to meet the City Council's five-year goals. Some of the most significant programs include:

- Riverfront Development - The City has partnered with several other agencies to enhance one of Dubuque's greatest treasures, the Mississippi riverfront area. A $188 million comprehensive plan for riverfront improvements has been substantially completed. Redevelopment is guided by the Port of Dubuque Master Plan. A $39 million renovation of the Dubuque Greyhound Park and Casino is underway including a $12 million privately owned Hilton Garden Hotel

- Industrial Park Development – The City has acquired over 900 acres of industrial land and has completed the first phase of construction for these industrial parks. City staff and the Greater Dubuque Development Corporation are working to attract new businesses and meet the expansion needs of current businesses. The GDDC recently completed a $2.3 million fundraising campaign to support their operations. The next phase of the Dubuque Industrial Center West is currently under construction and will include rail accessible sites.

- Neighborhood Reinvestment – The highly successful Community Oriented Policing and Uptown Recreation programs will continue. Park improvements will continue with over $10.5 million budgeted over the next five years to add new parks to the system, expand parks and further improve the existing parks. Work will continue on neighborhood empowerment programs, including property management and tenant training. The City Street, Historic Preservation and Housing programs are also being expanded to affect quality of life improvements at the neighborhood level.

- Downtown Redevelopment – Dubuque's downtown, situated between the Mississippi River and tall tree-lined bluffs, is the home to many unique and historic buildings as well as being the center of commerce and tourism. The City Council adopted *Vision Downtown,* a community consensus for the future of Downtown Dubuque, in December 2001. The Downtown Master Plan was approved by the City Council in February 2004.

- Transportation Improvements – The City will maintain its aggressive program to improve local streets. Plans are in place to reconstruct or overlay 60 miles of streets over the next five years. In a 16-year period from 1990-2006, the City will have completed 69 percent of the streets. All of the traffic signals along U.S. 20 will have been interconnected by the end of 2004 to improve traffic flow and lessen travel delays. Other new roadway connections, such as a new connection off University Avenue to U.S. 20 will be constructed. U.S. 20 is being widened to five lanes from the Northwest Arterial to old U.S. 20 in 2004 to improve safety. Corridor studies are completed for the Southwest Arterial and the Julien Dubuque Bridge four-lane replacement.

  The City, in partnership with local stakeholders, also has implemented a comprehensive way-finding signage program throughout the City with IDOT support. Something very dramatic is happening to Dubuque that will significantly increase its growth potential and the ability for the creation of wealth for all citizens. Up to 1999 Dubuque had no four-lane connection to an interstate highway system. By 2005 there will be five, four-lane connections. Expanded U.S. Highway 151 provides Dubuque with a four-lane link to Madison, Wisconsin (I-90-94), and Cedar Rapids, Iowa (I-80), by 2005. The four-lanes of U.S. Highway 20 from Dubuque to Fort Dodge, Iowa (I-35) was completed in 2003. U.S. Highway 61 was opened as a four-lane from Dubuque to Davenport, Iowa (I-80) in 1999. The four-lane of U.S. Highway 218 from Waterloo, Iowa to Mason City, Iowa (I-35) connects to U.S. Highway 20 and opened in 2003.

- Acknowledgements

  During the past year, Dubuque was recognized by several national organizations for its leadership, business climate and quality of life. These acknowledgments include:

  Officials from the City of Dubuque accepted an award at the National League of Cities meetings in Nashville for being named a **2003 Crown Community** by *American City & County* magazine. This award recognizes city or county projects that exemplify "the best that local government has to offer its residents." Dubuque and the *America's River* project was also featured in the December issue of *American City and County* magazine.

  In May, Dubuque was ranked 6th nationwide in *Expansion Management* magazine's **2004 Quality of Life Quotient** and earned the publication's highest acknowledgment – a 5-Star Community. The Quality of Life Quotient takes into account the preferred lifestyle of the majority of the country's workforce and places emphasis on issues of importance to the average American such as affordable housing and good schools. Dubuque took the top honor in the Housing Affordability category, while the City's schools placed 7th nationwide. Dubuque joins a list of just 50 5-Star Communities in the entire United States.

  According to the Milken Institute, Dubuque ranks number one in **high-tech growth** among a field of 96 similarly sized U.S. metropolitan areas. Dubuque took over the number one spot after climbing from number 14 last year and number 18 in 2001. According to Milken, Dubuque's listing is due to a high-tech growth rate that is more than 80 percent higher than the U.S. average. The Institute measured the total dollar amount of technological goods and services during the five-year period between 1997 and 2002.

Dubuque moved ahead by almost 50 spots from its 2001 position to its new rank of 40th in *Forbes Magazine's* **2003 Best Places** edition. According to Forbes, Dubuque's cost of doing business is also very favorable with a rank of 13 out of 168 cities in the United States. Dubuque gained 22 spots last year and moved ahead by another 25 this year despite the addition of 74 new communities into the small city category. The Port of Dubuque has been named the 2005 EPA Region 7 Phoenix Award winner for innovative brownfield redevelopment.

All of this is being done while the City maintains fiscal integrity. Through efficient operations, revenue diversification, and debt reduction, the City has not increased its share of the average homeowners property taxes in ten years.

These are a few of the many activities being addressed by the community, City Council, and City staff to improve the quality of life in Dubuque.

FINANCIAL INFORMATION

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

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

As a part of the City's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal programs, as well as to determine that the government has complied with applicable laws, regulations, contracts, and grants. The results of the government's single audit for the fiscal year ended June 30, 2005, provided no instances of material weaknesses in internal control over compliance, or significant violations of applicable laws, regulations, contracts and grants.

Budgeting Controls. In addition, the government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. All funds are included in the annual appropriated budget. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by state programs. The government also maintains an encumbrance accounting system as one technique for accomplishing budgetary control. Encumbered amounts lapse at year-end, however, encumbrances generally are re-appropriated as part of the following year's budget.

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

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, federal agency obligations, and authorized mutual funds. The City received cash basis investment earnings of $1,504,620 for the year.

The investment policy adopted by the City Council stresses the importance of capital preservation. The policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, deposits were either covered by federal depository insurance or collateralized. All collateral on uninsured deposits was held either by the State Treasurer, the government, its agent, or a financial institution's trust department in the government's name. All of the investments subject to risk categorization were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. The non-classified investments include mutual funds.

Risk Management. The City of Dubuque is a member of a statewide risk pool for local governments, the Iowa Communities Assurance Pool (ICAP). The coverage for general and auto liability, as well as public official and police professional liability are acquired through this pool. Worker's compensation coverage up to $450,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims equaled $3,756 as of June 30, 2005. The City has also established a self-insurance plan for medical, dental, prescription drug, and short-term disability. The accumulated reserve provision for such claims equaled $338,490 as of June 30, 2005. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

OTHER INFORMATION

Independent Audit. State Code requires an annual audit by independent certified public accountants or the State Auditor. The accounting firm of Eide Bailly LLP conducted the audit for fiscal year 2005. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The independent auditor's report on the basic financial statements and combining fund statements is included in the Financial Section of this report. The auditor's report related specifically to the single audit is included in the Compliance Section.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dubuque, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June

30, 2004. This was the 17^{th} consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Bond Rating. The rating for the City's outstanding general obligation bonded debt was upgraded by Moody's Investors Service to "Aa2" from a previous rating of "Aa3" in September 2003 This upgrade was due in part to the City's sound financial position, anticipated growth of the City's tax base and low overall debt burden.

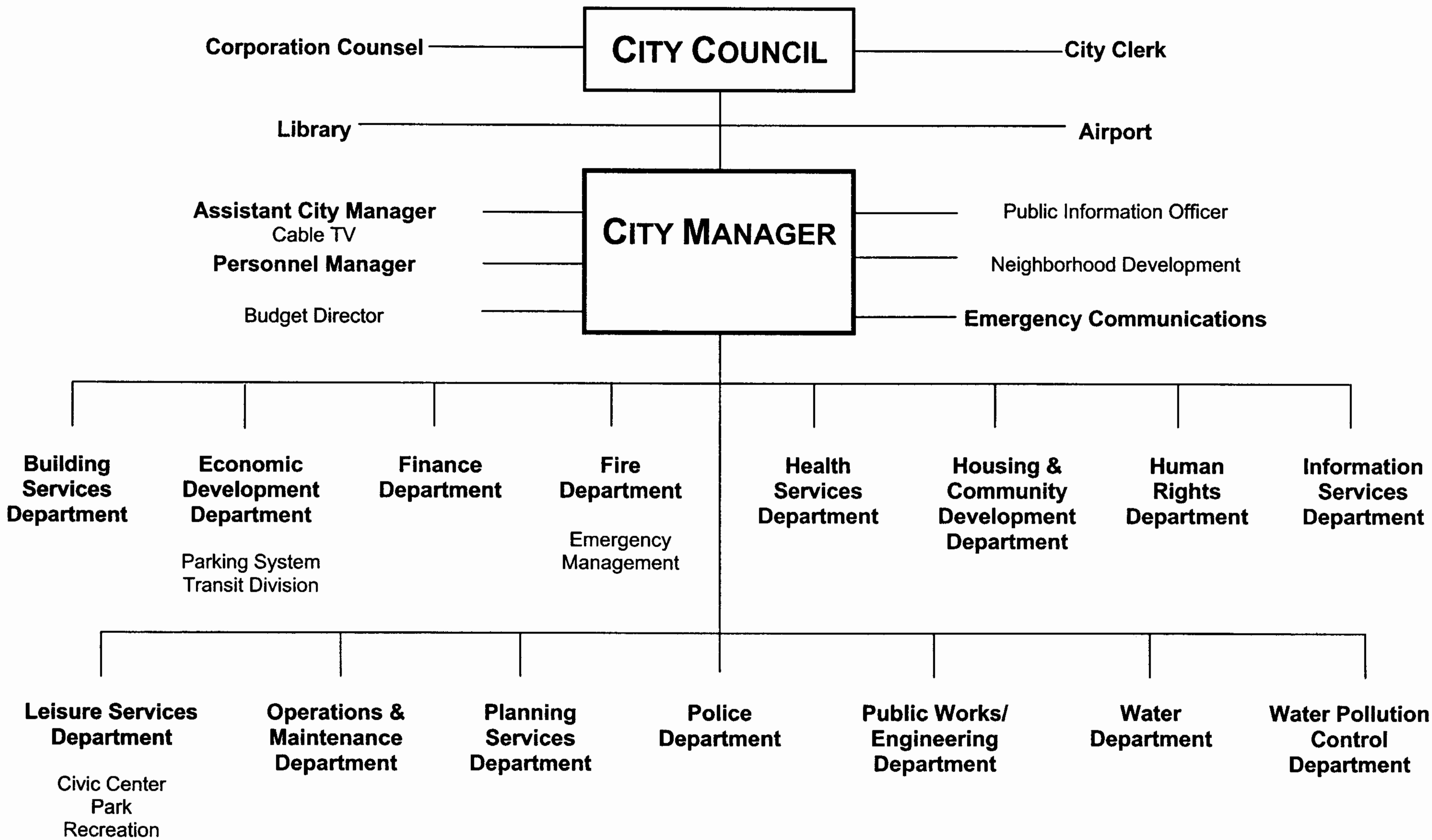
Acknowledgments. We compliment the staff of the Finance Department for their assistance in preparing this report. We also commend the Mayor and City Council and all department and division managers for their interest and support in planning and conducting the financial operations of the City of Dubuque in a responsible and progressive manner. We also thank the independent certified public accountants, Eide Bailly LLP, whose competent assistance and technical expertise have enabled the production of this report.

Sincerely,

Michael C. Van Milligen
City Manager

Kenneth J. TeKippe, CPA
Finance Director

CITY OF DUBUQUE ORGANIZATIONAL CHART



CITY OF DUBUQUE, IOWA
OFFICIALS
JUNE 30, 2005

CITY COUNCIL

Terrance M. Duggan	Mayor
Daniel E. Nicholson	Council Member – At Large
Ann E. Michalski	Council Member – At Large
John H. Markham	Council Member – 1st Ward
Roy D. Buol	Council Member – 2nd Ward
Joyce E. Connors	Council Member – 3rd Ward
Patricia A. Cline	Council Member – 4th Ward

COUNCIL APPOINTED OFFICIALS

Michael C. Van Milligen	City Manager
Barry A. Lindahl	Corporation Counsel
William G. Blum	City Solicitor
James A. O'Brien	Assistant City Attorney
Jeanne F. Schneider	City Clerk

DEPARTMENT MANAGERS

Andrew D. Perry	Airport Manager
Cynthia M. Steinhauser	Assistant City Manager
Dawn L. Lang	Budget Director
Richard R. Russell	Building Services Manager
David J. Heiar	Economic Development Director
Kenneth J. TeKippe	Finance Director
E. Daniel Brown	Fire Chief
Mary Rose Corrigan	Health Services Manager
David W. Harris, Jr.	Housing and Community Development Manager
Kelly R. Larson	Human Rights Director
Christine A. Kohlmann	Information Services Manager
Gil D. Spence	Leisure Services Manager
Susan A. Henricks	Library Director
Donald J. Vogt	Operations & Maintenance Manager
Randall K. Peck	Personnel Manager
Laura B. Carstens	Planning Services Manager
Kim B. Wadding	Police Chief
Gus N. Psihoyos	Public Works Director
Robert M. Green	Water Department Manager
Jonathan R. Brown	Water Pollution Control Plant Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dubuque, Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, (the City) as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Dubuque, Iowa. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2005, on our consideration of the City's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Dubuque, Iowa. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of the City of Dubuque, Iowa. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Eide Bailly LLP

Dubuque, Iowa
November 8, 2005

CITY OF DUBUQUE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

This section of the City of Dubuque annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2005. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements found in the next section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Dubuque exceeded its liabilities at the close of the fiscal year by $391,744,414 (net assets). This was an increase of $14,444,640 over net assets at June 30, 2004. Unrestricted net assets at June 30, 2005 in the amount of $24,091,600 may be used to meet the City's ongoing obligations to citizens and creditors.
- The expenses of the general fund exceeded revenues by $5,430,458.
- The ending general fund balance was $16,875,587.
- Within the City's business-type activities, revenues exceeded expenses and transfers by $3,087,037.
- For the year, the revenues of the City's governmental activities exceeded expenses and transfers by $11,357,603.
- The City's debt increased by $6,737,635 due to the issuance of new debt exceeding principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also one other legally separate entity, the Dubuque Metropolitan Area Solid Waste Agency, for which the City of Dubuque is considered financially accountable. Financial information for the Agency is reported separately from the financial information presented for the primary government. The Dubuque Metropolitan Area Solid Waste Agency issues separate financial statements.

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

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

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

Fund Financial Statements

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

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

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

The City maintains three individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, employee benefits fund, and community development fund, all of which are considered to be major funds. Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund, an agency fund reporting resources held for the Dubuque Racing Association for improvements at the greyhound racing facility.

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

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

Other information. The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds, as well as an individual agency fund statement, are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. As noted earlier, net assets may serve as a useful indicator of a government's financial position when observed over time. In the case of the City, assets exceeded liabilities by $391,744,414 at the close of the most recent fiscal year.

The largest part of the City's net assets (87.5%) reflects its investment in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to the citizens and are not available for future spending.

CITY OF DUBUQUE'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2005	2004 Restated	2005	2004	2005	2004 Restated
Current and other assets	$ 69,638,300	$ 68,710,687	$ 16,054,939	$ 13,707,120	$ 85,693,239	$ 82,417,807
Capital assets	267,976,516	250,817,878	100,940,871	99,003,374	368,917,387	349,821,252
Total assets	337,614,816	319,528,565	116,995,810	112,710,494	454,610,626	432,239,059
Long-term liabilities	31,300,556	25,838,997	9,461,414	8,249,016	40,761,970	34,088,013
Other liabilities	21,014,870	19,747,781	1,089,372	1,103,491	22,104,242	20,851,272
Total liabilities	52,315,426	45,586,778	10,550,786	9,352,507	62,866,212	54,939,285
Net assets:						
Invested in capital assets, net of related debt	249,881,646	231,863,231	93,036,089	92,301,043	342,917,735	324,164,274
Restricted	24,180,874	30,755,897	554,205	554,005	24,735,079	31,309,902
Unrestricted	11,236,870	11,322,659	12,854,730	10,502,939	24,091,600	21,825,598
Total net assets	$ 285,299,390	$ 273,941,787	$ 106,445,024	$ 103,357,987	$ 391,744,414	$ 377,299,774

A portion of the City's net assets (6.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets (6.2%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal years 2005 and 2004, the City is able to report positive balances in all three categories of net assets, both for the government as a whole and separate governmental and business-type activities.

Governmental activities. Governmental activities increased the net assets of the City by $11,357,603 or 78.6% of the total increase in net assets in 2005 and $21,050,297 or 111.7% of the total increase in net assets in 2004. Taxes are the largest source of governmental revenues with property taxes of $19,767,492 in 2005. Other governmental revenues included gaming of $11,694,105, local option sales taxes of $6,963,124, hotel/motel tax of $1,383,660 and $8,360,969 of charges for services.

Governmental expenses during 2005 totaled 59,881,400. The largest programs were public safety of $18,636,877, public works of $17,088,983, and community and economic development of $9,680,046. The State of Iowa changed the reporting requirements for expenses from four to eight programs effective with the 2003 fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004 Restated	2005	2004	2005	2004 Restated
Revenues:						
Program revenues						
Charges for services	$ 8,360,969	$ 8,334,877	$ 14,050,012	$ 14,781,910	$ 22,410,981	$ 23,116,787
Operating grants and contributions	14,603,106	12,197,307	651,967	825,538	15,255,073	13,022,845
Capital grants and contributions	6,919,296	5,153,258	3,030,378	11,007,676	9,949,674	16,160,934
General revenues						
Property taxes	19,767,492	18,588,367	-	-	19,767,492	18,588,367
Local option sales tax	6,963,124	7,105,183	-	-	6,963,124	7,105,183
Hotel/motel tax	1,383,660	1,314,114	-	-	1,383,660	1,314,114
Utility franchise fees	1,310,064	862,275	-	-	1,310,064	862,275
Gaming	11,694,105	11,521,022	-	-	11,694,105	11,521,022
Unrestricted investment earnings	1,190,337	480,546	322,884	181,674	1,513,221	662,220
Gain on sale of capital assets	170,642	175,231	36	25	170,678	175,256
Other	560,789	638,681	-	-	560,789	638,681
Total revenues	72,923,584	66,370,861	18,055,277	26,796,823	90,978,861	93,167,684
Expenses:						
Public safety	18,636,877	16,605,481	-	-	18,636,877	16,605,481
Public works	17,088,983	12,847,410	-	-	17,088,983	12,847,410
Health and social services	654,469	1,290,619	-	-	654,469	1,290,619
Culture and recreation	8,474,183	7,849,114	-	-	8,474,183	7,849,114
Community and economic development	9,680,046	12,662,552	-	-	9,680,046	12,662,552
General government	4,048,475	3,773,136	-	-	4,048,475	3,773,136
Interest on long-term debt	1,298,367	1,248,498	-	-	1,298,367	1,248,498
Sewage disposal works	-	-	4,656,172	5,282,016	4,656,172	5,282,016
Water utility	-	-	4,232,489	4,368,738	4,232,489	4,368,738
Stormwater utility	-	-	1,114,811	1,184,968	1,114,811	1,184,968
Parking facilities	-	-	1,604,071	1,655,429	1,604,071	1,655,429
America's River Project	-	-	515,570	1,064,701	515,570	1,064,701
Refuse collection	-	-	2,202,800	2,238,254	2,202,800	2,238,254
Transit system	-	-	2,326,908	2,257,078	2,326,908	2,257,078
Total expenses	59,881,400	56,276,810	16,652,821	18,051,184	76,534,221	74,327,994
Increase in net assests before transfers	13,042,184	10,094,051	1,402,456	8,745,639	14,444,640	18,839,690
Transfers	(1,684,581)	10,956,246	1,684,581	(10,956,246)	-	-
Increase (decrease) in net assets	11,357,603	21,050,297	3,087,037	(2,210,607)	14,444,640	18,839,690
Net assets, beginning, as restated	273,941,787	252,891,490	103,357,987	105,568,594	377,299,774	358,460,084
Net assets, ending	$ 285,299,390	$ 273,941,787	$ 106,445,024	$ 103,357,987	$ 391,744,414	$ 377,299,774

Business-type activities. Business type activities increased net assets by $3,087,037 while the City's net assets increased by $14,444,640 at June 30, 2005.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported a combined fund balance of $47,469,348 at June 30, 2005. A portion of the fund balance is reserved and not available for new spending because it has already been committed for encumbrances, endowments, debt service and state statute restricted purposes.

The general fund's fund balance reserve goal is 10% of budgeted annual expenditures. Our balance is slightly higher than the goal at year-end.

The unreserved fund balance of special revenue employee benefits fund decreased by $8,830 to $110,709. The unreserved fund balance of special revenue community development decreased by $124,324 to $2,201,107.

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

The combined net assets of the enterprise funds at June 30, 2005 totaled $106,445,024 of which 12.1% ($12,854,730) is unrestricted. The net assets of the internal service funds are $402,091, a $637,123 decrease from the 2004 total net assets. The unrestricted net assets of the internal service funds are $355,805 (88.5%).

The sewer disposal works had an increase in net assets of $1,124,835 for total net assets of $38,370,802 at June 30, 2005. The water utility had a decrease in net assets of $692,294 for total net assets of $23,489,414. The stormwater utility had an increase in net assets of $3,074,386 for total net assets of $21,410,766. The parking facilities had an increase in net assets of $327,819 for total net assets of $13,394,535. The America's River Project had a decrease in net assets of $702,454 for total net assets of $4,603,038.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2004-2005 budget. The first amendment was passed in September 2004 to reflect operating and capital budget carryovers (continuing appropriation authority) from 2004 and amends the FY 2005 budget for operating and capital City Council actions since the beginning of the first year. The second budget amendment was passed in May 2005 to reflect City Council actions since the first budget amendment, encumbrance carryovers from FY 2004 and amendments to add additional appropriation authority due to increased revenues.

The final budget for total revenues and other sources increased $41,546,156 from the original budget. The increase was primarily attributable to revenue associated with capital projects and operating carryovers which mainly include grants to intergovernmental funds. The final budget for total expenditures increased $58,295,127 from the original budget. The increase was primarily attributable to purchase order encumbrances carryover, capital projects and operating carryovers from the prior year and expenditures associated with new grants received.

Actual revenues were $30,869,682 less than the final amended budget, and expenditures were $57,917,848 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to $368,917,387 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment. Additional information on the City's assets can be found in the note 5 to the financial statements in this report.

CAPITAL ASSETS (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	$ 52,513,574	$ 51,590,495	$ 3,411,921	$ 2,161,610	$ 55,925,495	$ 53,752,105
Buildings	67,601,837	66,898,139	59,932,136	59,775,806	127,533,973	126,673,945
Improvements other than buildings	10,304,947	9,673,385	52,580,851	49,770,825	62,885,798	59,444,210
Machinery and equipment	21,652,249	20,726,641	45,987,759	44,071,371	67,640,008	64,798,012
Infrastructure	166,714,268	162,045,913	-	-	166,714,268	162,045,913
Construction in progress	18,594,470	5,058,662	6,223,942	7,344,646	24,818,412	12,403,308
Accumulated depreciation	(69,404,829)	(65,175,357)	(67,195,738)	(64,120,884)	(136,600,567)	(129,296,241)
	$ 267,976,516	$ 250,817,878	$ 100,940,871	$ 99,003,374	$ 368,917,387	$ 349,821,252

Major expenditures during 2004-2005 were for the Municipal Services Center, Fremont Avenue Street, Ice Harbor West Road and Trail, Bell Street, University Avenue Street, Dubuque Industrial Center West improvements, water, sewer and stormwater projects, and new runway maintenance vehicle at the airport.

Long-term debt. At year end the City had $38,273,031 of debt outstanding. This is an increase of $6,737,635 from June 30, 2004. New debt issued during the current year included $1,750,000 for stormwater projects and $7,265,000 for Dubuque Industrial Center West improvements. The City's bond rating continued at Aa2 for the issue.

The City continues to operate well under the State debt capacity limitations. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Thus our debt capacity is $133,148,662. With general obligation debt of $37,123,031 we are utilizing 27.9% of this limit. Additional information on the City's long-term debt can be found in note 6 of this report.

ECONOMIC FACTORS

The City's unemployment rate ended the fiscal year at 4.8%, the same rate for the prior year, and is slightly higher than the State of Iowa rate of 4.6%, but lower than the 5.0% national rate.

The City continues to enjoy growth in assessed valuation of taxable property net of exemptions (6.0% for total of $1,656,434). The minimum monthly refuse rate increased

$0.91 to $8.51. Sewer rates increased 4% and water rates increased 5%. The stormwater fee initiated in fiscal year 2004 did not change in fiscal year 2005.

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

BASIC FINANCIAL STATEMENTS

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	$ 35,146,648	$ 12,508,957	$ 47,655,605	$ 5,241,312
Receivables				
Property tax				
Delinquent	196,977	-	196,977	-
Succeeding year	16,200,141	-	16,200,141	-
Accounts and other	1,889,893	2,107,912	3,997,805	254,608
Special assessments	426,739	-	426,739	-
Accrued interest	296,412	75,914	372,326	65,576
Notes	874,678	-	874,678	-
Intergovernmental	3,133,935	580,773	3,714,708	-
Internal balances	176,141	(176,141)	-	-
Inventories	182,971	398,282	581,253	-
Prepaid items	17,642	5,037	22,679	-
Total Current Assets	58,542,177	15,500,734	74,042,911	5,561,496
NONCURRENT ASSETS				
Temporarily restricted cash and pooled cash investments	242,915	554,205	797,120	3,467,761
Permanently restricted cash and pooled cash investments	22,391	-	22,391	-
Notes receivable	10,830,817	-	10,830,817	-
Capital assets				
Land	52,513,574	3,411,921	55,925,495	1,003,524
Buildings	67,601,837	59,932,136	127,533,973	44,349
Improvements other than buildings	10,304,947	52,580,851	62,885,798	7,406,807
Machinery and equipment	21,652,249	45,987,759	67,640,008	2,106,659
Infrastructure	166,714,268	-	166,714,268	-
Construction in progress	18,594,470	6,223,942	24,818,412	-
Accumulated depreciation	(69,404,829)	(67,195,738)	(136,600,567)	(5,613,065)
Total Noncurrent Assets	279,072,639	101,495,076	380,567,715	8,416,035
Total Assets	337,614,816	116,995,810	454,610,626	13,977,531

See notes to financial statements.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 3,499,754	$ 884,160	$ 4,383,914	$ 85,992
Accrued payroll	627,286	157,944	785,230	20,398
Notes payable	45,455	-	45,455	-
General obligation bonds payable	870,000	385,000	1,255,000	-
Revenue bonds payable	-	210,000	210,000	-
Tax increment financing bonds payable	410,516	-	410,516	-
Accrued compensated absences	2,325,284	287,153	2,612,437	46,286
Accrued interest payable	134,208	47,268	181,476	-
Intergovernmental payable	41,775	-	41,775	79,037
Unearned revenue				
Succeeding year property tax	16,200,141	-	16,200,141	-
Other	511,706	-	511,706	-
Total Current Liabilities	24,666,125	1,971,525	26,637,650	231,713
NONCURRENT LIABILITIES				
Notes payable	576,756	-	576,756	-
General obligation bonds payable	24,032,241	7,652,594	31,684,835	-
Revenue bonds payable	-	926,667	926,667	-
Landfill closure and postclosure care	-	-	-	2,605,333
Tax increment financing bonds payable	3,040,304	-	3,040,304	-
Total Noncurrent Liabilities	27,649,301	8,579,261	36,228,562	2,605,333
Total Liabilities	52,315,426	10,550,786	62,866,212	2,837,046
NET ASSETS				
Invested in capital assets, net of related debt	249,881,646	93,036,089	342,917,735	4,948,274
Restricted for/by				
Bond ordinance	150,526	554,205	704,731	-
Employee benefits	110,709	-	110,709	-
Community development	13,985,965	-	13,985,965	-
Streets	2,212,370	-	2,212,370	-
Capital projects	6,905,484	-	6,905,484	-
Franchise agreement	526,241	-	526,241	-
Endowments				
Expendable	73,628	-	73,628	-
Nonexpendable	22,391	-	22,391	-
Other	193,560	-	193,560	-
State statute	-	-	-	323,543
Minority interest	-	-	-	1,332,187
Unrestricted	11,236,870	12,854,730	24,091,600	4,536,481
Total Net Assets	$ 285,299,390	$ 106,445,024	$ 391,744,414	$ 11,140,485

CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
Public safety	$ 18,636,877	$ 1,900,938	$ 592,610	$ -
Public works	17,088,983	3,371,073	5,310,117	6,412,164
Health and social services	654,469	116,699	79,697	-
Culture and recreation	8,474,183	2,143,246	114,052	85,053
Community and economic development	9,680,046	297,549	8,371,012	422,079
General government	4,048,475	531,464	135,618	-
Interest on long-term debt	1,298,367	-	-	-
Total governmental activities	59,881,400	8,360,969	14,603,106	6,919,296
Business-type activities				
Sewage disposal works	4,656,172	4,552,587	-	959,099
Water utility	4,232,489	4,224,074	-	453,990
Stormwater utility	1,114,811	684,570	-	815,806
Parking facilities	1,604,071	1,889,937	-	-
America's River Project	515,570	26,061	-	267,709
Refuse collection	2,202,800	2,283,677	-	-
Transit system	2,326,908	389,106	651,967	533,774
Total business-type activities	16,652,821	14,050,012	651,967	3,030,378
Total primary government	$ 76,534,221	$ 22,410,981	$ 15,255,073	$ 9,949,674
Component unit				
Dubuque Metropolitan Area Solid Waste Agency	$ 3,209,500	$ 2,637,197	$ 12,090	$ -

General revenues
- Property taxes
- Local option sales tax
- Hotel/motel tax
- Utility franchise fees
- Gaming
- Unrestricted investment earnings
- Gain on sale of capital assets
- Other

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning, as restated

Net assets, ending

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
$ (16,143,329)	$ -	$ (16,143,329)	$ -
(1,995,629)	-	(1,995,629)	-
(458,073)	-	(458,073)	-
(6,131,832)	-	(6,131,832)	-
(589,406)	-	(589,406)	-
(3,381,393)	-	(3,381,393)	-
(1,298,367)	-	(1,298,367)	-
(29,998,029)	-	(29,998,029)	-
-	855,514	855,514	-
-	445,575	445,575	-
-	385,565	385,565	-
-	285,866	285,866	-
-	(221,800)	(221,800)	-
-	80,877	80,877	-
-	(752,061)	(752,061)	-
-	1,079,536	1,079,536	-
(29,998,029)	1,079,536	(28,918,493)	-
-	-	-	(560,213)
19,767,492	-	19,767,492	-
6,963,124	-	6,963,124	-
1,383,660	-	1,383,660	-
1,310,064	-	1,310,064	-
11,694,105	-	11,694,105	-
1,190,337	322,884	1,513,221	188,752
170,642	36	170,678	-
560,789	-	560,789	-
(1,684,581)	1,684,581	-	-
41,355,632	2,007,501	43,363,133	188,752
11,357,603	3,087,037	14,444,640	(371,461)
273,941,787	103,357,987	377,299,774	11,511,946
$ 285,299,390	$ 106,445,024	$ 391,744,414	$ 11,140,485

CITY OF DUBUQUE, IOWA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	General	Special Revenue: Employee Benefits	Special Revenue: Community Development	Other Governmental Funds	Total
ASSETS					
Cash and pooled cash investments	$ 15,297,305	$ 89,419	$ 1,802,652	$ 16,408,143	$ 33,597,519
Receivables					
Property tax					
Delinquent	165,697	24,504	-	6,776	196,977
Succeeding year	14,241,051	1,591,816	-	367,274	16,200,141
Accounts and other	1,770,158	-	-	11,464	1,781,622
Special assessments	-	-	-	426,739	426,739
Accrued interest	112,361	-	65,474	109,804	287,639
Notes	-	-	11,699,446	6,049	11,705,495
Intergovernmental	879,275	-	110,900	2,143,760	3,133,935
Due from other funds	394,635	-	-	-	394,635
Inventories	93,190	-	-	-	93,190
Advances to other funds	377,354	-	-	-	377,354
Prepaid items	5,394	-	12,248	-	17,642
Restricted cash and pooled cash investments	-	-	-	265,306	265,306
Total Assets	$ 33,336,420	$ 1,705,739	$ 13,690,720	$ 19,745,315	$ 68,478,194
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,146,398	$ -	$ 101,661	$ 933,494	$ 2,181,553
Accrued payroll	509,690	-	18,572	55,387	583,649
Intergovernmental payable	-	-	-	41,775	41,775
Due to other funds	201,213	-	-	356,324	557,537
Deferred revenue					
Succeeding year property tax	14,241,051	1,591,816	-	367,274	16,200,141
Other	362,481	3,214	-	1,078,496	1,444,191
Total Liabilities	16,460,833	1,595,030	120,233	2,832,750	21,008,846
FUND BALANCES					
Reserved for/by					
Encumbrances	2,792,099	-	543,612	2,041,086	5,376,797
Long-term notes receivable	-	-	10,825,768	5,049	10,830,817
Advances	377,354	-	-	-	377,354
Bond ordinance	-	-	-	150,526	150,526
Franchise agreement	-	-	-	19,327	19,327
Endowments	-	-	-	22,391	22,391
Unreserved					
Designated for					
Future equipment and capital maintenance	7,926,870	-	-	-	7,926,870
Future cash flow	3,236,000	-	-	-	3,236,000
Undesignated reported in					
General fund	2,543,264	-	-	-	2,543,264
Special revenue funds	-	110,709	2,201,107	3,465,417	5,777,233
Debt service fund	-	-	-	(56,320)	(56,320)
Capital projects funds	-	-	-	11,191,461	11,191,461
Permanent funds	-	-	-	73,628	73,628
Total Fund Balances	16,875,587	110,709	13,570,487	16,912,565	47,469,348
Total Liabilities and Fund Balances	$ 33,336,420	$ 1,705,739	$ 13,690,720	$ 19,745,315	$ 68,478,194

See notes to financial statements.

CITY OF DUBUQUE, IOWA

EXHIBIT 3-1

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Total fund balances - governmental funds		$ 47,469,348
Amounts reported for the governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of capital assets	$ 337,256,106	
Accumulated depreciation	(69,325,876)	
		267,930,230
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. Those revenues consist of:		
Property tax	25,836	
Special assessments	382,385	
Other	524,264	
		932,485
Internal service funds are used by the City's management to charge the costs of equipment maintenance and self-insurance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		402,091
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
General obligation bonds	(24,902,241)	
Tax increment financing bonds	(3,450,820)	
Notes payable	(622,211)	
Accrued interest	(134,208)	
Compensated absences	(2,325,284)	
		(31,434,764)
Net assets of governmental activities		$ 285,299,390

See notes to financial statements.

CITY OF DUBUQUE, IOWA

EXHIBIT 4

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

		Special Revenue		Other	
	General	Employee Benefits	Community Development	Governmental Funds	Total
REVENUES					
Taxes	$ 19,978,702	$ 2,030,144	$ -	$ 7,421,289	$ 29,430,135
Special assessments	-	-	-	197,195	197,195
Licenses and permits	1,078,722	-	-	-	1,078,722
Intergovernmental	3,955,521	-	2,905,531	11,509,306	18,370,358
Charges for services	5,754,725	-	-	163,817	5,918,542
Fines and forfeits	267,536	-	-	-	267,536
Investment earnings	687,926	-	130,884	378,881	1,197,691
Contributions	53,861	-	19,570	233,378	306,809
Gaming	11,679,105	-	-	15,000	11,694,105
Miscellaneous	633,214	21	29,381	910,689	1,573,305
Total Revenues	44,089,312	2,030,165	3,085,366	20,829,555	70,034,398
EXPENDITURES					
Current					
Public safety	18,569,478	-	-	82,768	18,652,246
Public works	17,137,700	-	246,537	3,917,002	21,301,239
Health and social services	558,856	-	79,639	23,736	662,231
Culture and recreation	8,026,449	-	109,180	45,203	8,180,832
Community and economic development	1,946,577	-	2,392,982	5,485,911	9,825,470
General government	3,185,147	276	119,331	718,031	4,022,785
Debt service	95,563	-	-	2,914,825	3,010,388
Capital projects	-	-	-	8,226,840	8,226,840
Total Expenditures	49,519,770	276	2,947,669	21,414,316	73,882,031
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,430,458)	2,029,889	137,697	(584,761)	(3,847,633)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	7,277,665	7,277,665
Discount on bonds	-	-	-	(58,487)	(58,487)
Transfers in	9,672,161	8,760	438,544	2,862,190	12,981,655
Transfers out	(4,455,156)	(2,047,479)	-	(9,602,549)	(16,105,184)
Sale of capital assets	170,642	-	-	-	170,642
Total Other Financing Sources (Uses)	5,387,647	(2,038,719)	438,544	478,819	4,266,291
NET CHANGE IN FUND BALANCES	(42,811)	(8,830)	576,241	(105,942)	418,658
FUND BALANCES, BEGINNING, AS RESTATED	16,918,398	119,539	12,994,246	17,018,507	47,050,690
FUND BALANCES, ENDING	$ 16,875,587	$ 110,709	$ 13,570,487	$ 16,912,565	$ 47,469,348

See notes to financial statements.

CITY OF DUBUQUE, IOWA

EXHIBIT 4-1

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds		$ 418,658
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:		
Capital assets expended in governmental funds	$ 18,773,769	
Transfers of capital assets from enterprise funds	1,440,188	
Contributions from developers	2,791,343	
Depreciation expense	(5,770,675)	
		17,234,625
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the book value of the asset being disposed.		(66,920)
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues (increased) decreased by these amounts this year:		
Property tax	(5,795)	
Special assessments	(94,024)	
Other	27,020	
		(72,799)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. Also, governmental funds report the effect of issuance discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Bond proceeds	(7,277,665)	
Discounts on bonds issued	58,487	
Bond repayments	1,769,960	
		(5,449,218)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These items consist of:		
Increase in accrued interest	(57,280)	
Amortization of bond discount	(660)	
Increase in compensated absences	(11,681)	
Total additional expenses		(69,621)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.		(637,122)
Change in net assets of governmental activities		$ 11,357,603

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	$ 4,830,875	$ 1,232,121	$ 4,833,641	$ 1,093,633
Receivables				
Accounts	963,091	701,208	93,501	47,375
Accrued interest	29,850	12,927	22,513	10,621
Intergovernmental	-	-	-	-
Due from other funds	-	201,213	-	-
Inventories	-	387,879	-	-
Prepaid items	5,037	-	-	-
Total Current Assets	5,828,853	2,535,348	4,949,655	1,151,629
NONCURRENT ASSETS				
Restricted cash and pooled cash investments	-	-	-	554,205
Capital assets				
Land	175,671	76,697	1,827,344	1,296,209
Buildings	31,603,036	7,365,722	-	19,069,788
Improvements other than buildings	27,554,966	520,295	24,258,629	246,961
Machinery and equipment	6,342,170	32,522,386	907,215	651,206
Construction in progress	954,372	26,800	157,862	-
Accumulated depreciation	(33,799,206)	(16,885,005)	(7,008,627)	(6,019,829)
Net Capital Assets	32,831,009	23,626,895	20,142,423	15,244,335
Total Noncurrent Assets	32,831,009	23,626,895	20,142,423	15,798,540
Total Assets	38,659,862	26,162,243	25,092,078	16,950,169

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
$ 1,001	$ 517,686	$ 12,508,957	$ 1,549,129
32,140	270,597	2,107,912	108,271
3	-	75,914	8,773
-	580,773	580,773	-
-	-	201,213	-
-	10,403	398,282	89,781
-	-	5,037	-
33,144	1,379,459	15,878,088	1,755,954
-	-	554,205	-
-	36,000	3,411,921	-
-	1,893,590	59,932,136	-
-	-	52,580,851	-
-	5,564,782	45,987,759	125,239
5,080,030	4,878	6,223,942	-
-	(3,483,071)	(67,195,738)	(78,953)
5,080,030	4,016,179	100,940,871	46,286
5,080,030	4,016,179	101,495,076	46,286
5,113,174	5,395,638	117,373,164	1,802,240

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 166,095	$ 125,744	$ 16,620	$ 1,224
Accrued payroll	36,909	37,020	-	14,071
General obligation bonds payable	-	145,000	135,000	105,000
Revenue bonds payable	-	-	-	210,000
Accrued compensated absences	86,056	82,306	-	33,907
Accrued interest payable	-	6,362	20,516	20,390
Due to other funds	-	-	-	-
Advances from other funds	-	377,354	-	-
Total Current Liabilities	289,060	773,786	172,136	384,592
NONCURRENT LIABILITIES				
General obligation bonds payable (net of discount of $30,824)	-	1,899,043	3,509,176	2,244,375
Revenue bonds payable (net of $13,333 deferred amount on refunding)	-	-	-	926,667
Total Noncurrent Liabilities	-	1,899,043	3,509,176	3,171,042
Total Liabilities	289,060	2,672,829	3,681,312	3,555,634
NET ASSETS				
Invested in capital assets, net of related debt	32,831,009	21,582,852	17,767,726	11,758,293
Restricted by bond ordinance	-	-	-	554,205
Unrestricted	5,539,793	1,906,562	3,643,040	1,082,037
Total Net Assets	$ 38,370,802	$ 23,489,414	$ 21,410,766	$ 13,394,535

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
$ 510,136	$ 64,341	$ 884,160	$ 1,318,201
-	69,944	157,944	43,637
-	-	385,000	-
-	-	210,000	-
-	84,884	287,153	-
-	-	47,268	-
-	-	-	38,311
-	-	377,354	-
510,136	219,169	2,348,879	1,400,149
-	-	7,652,594	-
-	-	926,667	-
-	-	8,579,261	-
510,136	219,169	10,928,140	1,400,149
5,080,030	4,016,179	93,036,089	46,286
-	-	554,205	-
(476,992)	1,160,290	12,854,730	355,805
$ 4,603,038	$ 5,176,469	$ 106,445,024	$ 402,091

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
OPERATING REVENUES				
Charges for sales and services	$ 4,543,091	$ 4,201,500	$ 658,598	$ 1,888,328
Other	9,496	22,574	25,972	1,609
Total Operating Revenues	4,552,587	4,224,074	684,570	1,889,937
OPERATING EXPENSES				
Employee expense	1,740,854	1,702,100	125,136	663,883
Utilities	475,864	428,441	-	87,833
Repairs and maintenance	331,835	92,177	-	46,976
Supplies and services	913,418	969,800	565,745	126,138
Insurance	91,230	78,871	-	34,996
Depreciation	1,102,971	858,053	329,421	436,234
Total Operating Expenses	4,656,172	4,129,442	1,020,302	1,396,060
OPERATING INCOME (LOSS)	(103,585)	94,632	(335,732)	493,877
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	5,408	-
Investment earnings	128,277	57,124	73,607	44,203
Contributions	3	-	-	-
Interest expense	-	(103,047)	(94,509)	(208,011)
Gain (loss) on disposal of assets	36	-	-	-
Total Nonoperating Revenues (Expenses)	128,316	(45,923)	(15,494)	(163,808)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	24,731	48,709	(351,226)	330,069
CAPITAL CONTRIBUTIONS	959,096	453,990	810,398	-
TRANSFERS IN	225,455	105,223	2,851,845	-
TRANSFERS OUT	(84,447)	(1,300,216)	(236,631)	(2,250)
CHANGE IN NET ASSETS	1,124,835	(692,294)	3,074,386	327,819
NET ASSETS, BEGINNING	37,245,967	24,181,708	18,336,380	13,066,716
NET ASSETS, ENDING	$ 38,370,802	$ 23,489,414	$ 21,410,766	$ 13,394,535

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
-	$ 2,613,386	$ 13,904,903	$ 7,598,322
26,061	59,397	145,109	125,390
26,061	2,672,783	14,050,012	7,723,712
-	2,558,768	6,790,741	1,685,730
-	53,898	1,046,036	19,290
-	466,107	937,095	11,887
515,570	871,634	3,962,305	6,338,013
-	63,726	268,823	336,297
-	515,220	3,241,899	9,067
515,570	4,529,353	16,246,899	8,400,284
(489,509)	(1,856,570)	(2,196,887)	(676,572)
238,630	1,185,741	1,429,779	-
11	19,662	322,884	40,690
29,079	-	29,082	-
-	-	(405,567)	-
-	(355)	(319)	-
267,720	1,205,048	1,375,859	40,690
(221,789)	(651,522)	(821,028)	(635,882)
-	-	2,223,484	-
1,896,234	1,102,976	6,181,733	-
(2,376,899)	(496,709)	(4,497,152)	(1,240)
(702,454)	(45,255)	3,087,037	(637,122)
5,305,492	5,221,724	103,357,987	1,039,213
$ 4,603,038	$ 5,176,469	$ 106,445,024	$ 402,091

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 4,242,234	$ 4,037,596	$ 641,464	$ 1,881,961
Cash payments to suppliers for goods and services	(1,769,736)	(1,613,014)	(652,407)	(300,519)
Cash payments to employees for services	(1,742,868)	(1,694,201)	(125,136)	(664,746)
Other operating receipts	9,496	22,574	25,972	1,609
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	739,126	752,955	(110,107)	918,305
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	225,455	105,223	2,851,845	-
Transfers to other funds	(84,447)	(1,300,216)	(236,631)	(2,250)
Proceeds from interfund balances	-	-	-	-
Payment of interfund balances	-	(238,005)	-	-
Intergovernmental grant proceeds	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	141,008	(1,432,998)	2,615,214	(2,250)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	36	-	-	-
Acquisition and construction of capital assets	(802,967)	(394,226)	(1,967,201)	-
Proceeds from issuance of debt	-	-	1,732,500	-
Payment of debt	-	(140,000)	(80,000)	(300,000)
Interest paid	-	(103,321)	(79,748)	(205,954)
Contributions	3	-	-	-
Intergovernmental grant proceeds	-	-	5,408	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(802,928)	(637,547)	(389,041)	(505,954)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	123,597	58,431	60,394	40,437
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	200,803	(1,259,159)	2,176,460	450,538
CASH AND CASH EQUIVALENTS, BEGINNING	4,630,072	2,491,280	2,657,181	1,197,300
CASH AND CASH EQUIVALENTS, ENDING	$ 4,830,875	$ 1,232,121	$ 4,833,641	$ 1,647,838

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
$ -	$ 2,618,651	$ 13,421,906	$ 7,626,325
(515,570)	(1,442,169)	(6,293,415)	(6,469,010)
-	(2,540,678)	(6,767,629)	(1,676,352)
26,061	59,397	145,109	125,390
(489,509)	(1,304,799)	505,971	(393,647)
1,896,234	1,102,976	6,181,733	-
(150,000)	(496,709)	(2,270,253)	(1,240)
-	-	-	38,311
-	(102,365)	(340,370)	-
-	1,171,789	1,171,789	-
1,746,234	1,675,691	4,742,899	37,071
-	-	36	-
(1,560,191)	(436,593)	(5,161,178)	-
-	-	1,732,500	-
-	-	(520,000)	-
-	-	(389,023)	-
29,079	-	29,082	-
274,380	-	279,788	-
(1,256,732)	(436,593)	(4,028,795)	-
8	19,662	302,529	41,959
1	(46,039)	1,522,604	(314,617)
1,000	563,725	11,540,558	1,863,746
$ 1,001	$ 517,686	$ 13,063,162	$ 1,549,129

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ (103,585)	$ 94,632	$ (335,732)	$ 493,877
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	1,102,971	858,053	329,421	436,234
Change in assets and liabilities				
(Increase) decrease in receivables	(300,857)	(163,904)	(17,134)	(6,367)
(Increase) decrease in inventories and prepaid items	-	(6,894)	-	-
Increase (decrease) in accounts payable	42,611	(36,831)	(86,662)	(4,576)
Increase (decrease) in accrued liabilities	(2,014)	7,899	-	(863)
Total Adjustments	842,711	658,323	225,625	424,428
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 739,126	$ 752,955	$ (110,107)	$ 918,305
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets from other funds and outside sources	$ 959,096	$ 453,990	$ 1,717,613	$ -
Contributions of capital assets to other funds	$ 84,447	$ -	$ 36,057	$ -

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
$ (489,509)	$ (1,856,570)	$ (2,196,887)	$ (676,572)
-	515,220	3,241,899	9,067
-	5,265	(482,997)	28,003
-	3,602	(3,292)	(51,372)
-	9,594	(75,864)	287,849
-	18,090	23,112	9,378
-	551,771	2,702,858	282,925
$ (489,509)	$ (1,304,799)	$ 505,971	$ (393,647)
$ -	$ -	$ 3,130,699	$ -
$ 2,226,899	$ -	$ 2,347,403	$ -

CITY OF DUBUQUE, IOWA

EXHIBIT 8

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2005

ASSETS		
Cash and pooled cash investments	$	678,010
Accrued interest		3,794
Total Assets	$	681,804
LIABILITIES		
Due to other agency	$	681,804

See notes to financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Dubuque, Iowa, is a municipal corporation governed by an elected mayor and a six-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The City has no blended component units. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The component unit also has a June 30 year end.

Discretely Presented Component Unit

The Dubuque Metropolitan Area Solid Waste Agency was created under the provisions of Chapter 28E of the Code of Iowa by the City of Dubuque and Dubuque County. The Agency's purpose is to provide solid waste management for the Dubuque metropolitan area. The City appoints a voting majority of the Agency's governing board and has authority over those persons responsible for the day-to-day operations of the Agency. The Agency is presented as a proprietary fund type. Complete financial statements for the Agency may be obtained from the City of Dubuque.

City of Dubuque
Finance Department
50 West 13th Street
Dubuque, Iowa 52001

Jointly Governed Organizations

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

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

Government-wide and Fund Financial Statements

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

(continued on next page)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

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The City reports the following major proprietary funds:

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

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

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

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

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

Additionally, the City reports the internal service fund type. Internal service funds are used to account for general, garage, stores/printing, health insurance, and worker's compensation insurance services provided by one department to other departments of the City on a cost-reimbursement basis.

Fiduciary funds account for assets held by the City in a trustee or agency capacity for the benefit of others and cannot be used to support City activities. Fiduciary funds, other than agency funds, use the *economic resources measurement focus* and the *full accrual basis of accounting*. Agency funds use the *full accrual basis of accounting* but do not have a measurement focus and therefore report only assets and liabilities. The City reports an Agency Fund to account for assets held by the City as an agent for the Dubuque Racing Association.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

Assets, Liabilities, and Equity

Deposits and Investments

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

Investments are stated at fair value or amortized cost. Amortized cost is used only for money market investments that have a remaining maturity at time of purchase of one year or less.

Receivables and Payables

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

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

Property tax receivable is recognized in the funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year delinquent property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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Property taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The tax levy is divided into two billings. The first billing is mailed on July 1 and the second billing is mailed on January 1. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending three months after the tax bill mailing. On these dates (September 30 and March 31), the bill becomes delinquent, and penalties and interest may be assessed by the government.

Inventories and Prepaid Items

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

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

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

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

Certain assets of the special revenue funds are classified as restricted assets because their use is limited by the City's cable television franchise agreement.

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

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Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets and in the proprietary funds statement of net assets. Capital assets are defined by the government as assets with an initial, individual cost of more than $100,000 for infrastructure assets, $20,000 for building assets, and $5,000 for the remaining assets, and an estimated useful life of more than a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

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

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

Compensated Absences

The City allows employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees upon retirement or termination. Sick pay is payable only upon retirement, in which event employees are paid for 25% of all eligible hours (50% in the case of police and fire employees). All vacation pay and applicable sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

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

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

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Equity

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted in any function.

NOTE 2 – DEFICIT FUND EQUITY

The following funds had deficit fund balances/net assets amounts as of June 30, 2005:

Special Revenue	
Tax Increment Financing	$ 141,352
Debt Service	56,320
Internal Service	
General Service	9,588

NOTE 3 – CASH ON HAND, DEPOSITS, AND INVESTMENTS

Cash on Hand. Cash on hand represents authorized change funds and petty cash funds used for current operating purposes. The carrying amount at year-end was $15,983 for the City and $450 for the Dubuque Metropolitan Area Solid Waste Agency.

Deposits. At year-end, the City's carrying amount of deposits was $27,265,294 and the bank balance was $30,470,408. The City's deposits in banks at June 30, 2005, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was $8,708,623 and the bank balance was $8,922,789. The Agency's deposits in banks at June 30, 2005, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

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Investments. As of June 30, 2005, the City had the following investments and maturities. (The City assumes callable bonds will not be called):

Investment Type	Investment Maturities (In Years) Less than 1	1 to 5	6 to 10	More than 10	Total
Mutual Funds – U.S. Treasury	$ 393,043	$ -	$ -	$ -	$ 393,043
Mutual Funds – Federal Agency	560,964	-	-	-	560,964
U.S. Treasury Securities	124,790	498,500	-	-	623,290
Federal Agency Obligations	2,059,987	10,586,080	691,843	6,898,359	20,236,269
Corporate Stock	58,283	-	-	-	58,283
	$ 3,197,067	$ 11,084,580	$ 691,843	$ 6,898,359	$ 21,871,849

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

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

Interest Rate Risk. The City's investment policy limits the investments of operating funds (funds expected to be expended in the current budget year of within fifteen 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 City.

Credit Risk. The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year.

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

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

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

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

The Dubuque Metropolitan Area Solid Waste Agency had no investments at June 30, 2005.

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

Cash on hand	$ 15,983
Carrying amount of deposits	27,265,294
Carrying amount of investments	21,871,849
Total	$ 49,153,126
Government-wide	
Cash and pooled cash investments	$ 47,655,605
Cash and pooled cash investments – temporarily restricted	797,120
Cash and pooled cash investments – permanently restricted	22,391
Fiduciary	
Cash and pooled cash investments	678,010
Total	$ 49,153,126

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

Cash on hand	$ 450
Carrying amount of deposits	8,708,623
Total	$ 8,709,073
Cash and pooled cash investments	$ 5,241,312
Cash and pooled cash investments – temporarily restricted	3,467,761
Total	$ 8,709,073

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2005, include amounts due to/from other funds and advances due to/from other funds. Due to/from other funds balances represent amounts due to the general fund from the tax increment financing fund ($297,203), the debt service fund ($59,121), and the garage service fund ($38,311), for deficit pooled cash balances, and amounts due to the water utility fund from the general fund ($201,213) for excess transfers. Advances to/from other fund balance of $377,354 represent amounts due to the general fund from the water utility fund for a construction loan.

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Interfund transfers for the year ended June 30, 2005, consisted of the following:

	Transfer from				
	General	Employee Benefits	Nonmajor Governmental Funds	Water Utility	Stormwater Utility
Transfer to					
General	$ -	$ 2,047,479	$ 5,829,455	$ 1,297,278	$ -
Employee benefits	-	-	8,760	-	-
Community development	210,000	-	78,544	-	-
Nonmajor governmental	1,940,145	-	919,107	2,938	-
Sewage disposal works	24,598	-	200,857	-	-
Water utility	-	-	105,223	-	-
Stormwater utility	156,662	-	1,787,968	-	-
America's River Project	1,178,065	-	515,345	-	200,574
Nonmajor enterprise	945,686	-	157,290	-	-
	$ 4,455,156	$ 2,047,479	$ 9,602,549	$ 1,300,216	$ 200,574

	Transfer from				
	Parking Facilities	America's River Project	Nonmajor Enterprise Funds	Internal Service Funds	Total
Transfer to					
General	$ -	$ -	$ 496,709	$ 1,240	$ 9,672,161
Employee benefits	-	-	-	-	8,760
Community development	-	150,000	-	-	438,544
Nonmajor governmental	-	-	-	-	2,862,190
Sewage disposal works	-	-	-	-	225,455
Water utility	-	-	-	-	105,223
Stormwater utility	-	907,215	-	-	2,851,845
America's River Project	2,250	-	-	-	1,896,234
Nonmajor enterprise	-	-	-	-	1,102,976
	$ 2,250	$ 1,057,215	$ 496,709	$ 1,240	19,163,388
Transfer to governmental activities capital assets from Sewage Disposal Works, Stormwater Utility, and America's River Project.					1,440,188
					$ 20,603,576

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In the fund financial statements, total transfers out of $20,603,576 are greater than total transfers in of $19,163,388 because of the treatment of transfers of capital assets to the governmental activities capital assets. During the year, capital assets related to Sewage Disposal Works, with a book value of $84,447; Stormwater Utility, with a book value of $36,057; and America's River Project, with a book value of $1,319,684 were transferred to governmental activities capital assets. No amounts were reported in the governmental funds as the amounts did not involve the transfer of financial resources. However, the Sewage Disposal Works, Stormwater Utility, and America's River Project did report a transfer out for the capital resources given.

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

During the year ended June 30, 2005, according to grant requirements the City made various transfers into the America's River Project Fund to finance capital assets. When completed, these capital assets are transferred to their respective fund.

During the year ended June 30, 2005, the City made various transfers into the General Fund from the Nonmajor Governmental Funds, Water Utility, and Nonmajor Enterprise to fund a portion of the new public works building.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government:

Governmental activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	$ 51,590,494	$ 286,153	$ -	$ 636,927	$ -	$ 52,513,574
Construction in progress	5,058,663	-	-	25,362,025	(11,826,218)	18,594,470
Total capital assets, not being depreciated	56,649,157	286,153	-	25,998,952	(11,826,218)	71,108,044
Capital assets, being depreciated:						
Buildings	66,898,139	416,113	-	287,585	-	67,601,837
Improvements other than buildings	9,673,384	575,468	-	56,095	-	10,304,947
Machinery and equipment	20,726,641	184,126	(21,672)	1,980,244	(1,217,090)	21,652,249
Infrastructure	162,045,913	-	-	5,068,452	(400,097)	166,714,268
Total capital assets, being depreciated	259,344,077	1,175,707	(21,672)	7,392,376	(1,617,187)	266,273,301

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	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Less accumulated depreciation for:						
Buildings	$ (16,821,460)	$ -	$ -	$ (1,059,890)	$ -	$ (17,881,350)
Improvements other than buildings	(3,453,189)	-	-	(330,710)	-	(3,783,899)
Machinery and equipment	(8,933,620)	(21,672)	21,672	(1,498,308)	1,160,618	(9,271,310)
Infrastructure	(35,967,089)	-	-	(2,890,834)	389,653	(38,468,270)
Total accumulated depreciation	(65,175,358)	(21,672)	21,672	(5,779,742)	1,550,271	(69,404,829)
Total capital assets, being depreciated, net	194,168,719	1,154,035	-	1,612,634	(66,916)	196,868,472
Governmental activities capital assets, net	$ 250,817,876	$ 1,440,188	$ -	$ 27,611,586	$ (11,893,134)	$ 267,976,516

Business-type activities:

	Beginning Balance	Transfers In	Transfers Out	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:						
Land	$ 2,161,610	$ -	$ -	$ 1,250,311	$ -	$ 3,411,921
Construction in progress	7,344,645	-	(2,262,956)	5,437,847	(4,295,594)	6,223,942
Total capital assets, not being depreciated	9,506,255	-	(2,262,956)	6,688,158	(4,295,594)	9,635,863
Capital assets, being depreciated:						
Buildings	59,775,806	-	-	156,330	-	59,932,136
Improvements other than buildings	49,770,826	-	-	2,816,415	(6,390)	52,580,851
Machinery and equipment	44,071,371	907,215	(84,447)	1,254,631	(161,011)	45,987,759
Total capital assets, being depreciated	153,618,003	907,215	(84,447)	4,227,376	(167,401)	158,500,746
Less accumulated depreciation for:						
Buildings	(34,147,717)	-	-	(946,700)	-	(35,094,417)
Improvements other than buildings	(13,194,096)	-	-	(954,020)	6,390	(14,141,726)
Machinery and equipment	(16,779,072)	-	-	(1,341,179)	160,656	(17,959,595)
Total accumulated depreciation	(64,120,885)	-	-	(3,241,899)	167,046	(67,195,738)
Total capital assets, being depreciated, net	89,497,118	907,215	(84,447)	985,477	(355)	91,305,008
Business-type activities capital assets, net	$ 99,003,373	$ 907,215	$ (2,347,403)	$ 7,673,635	$ (4,295,949)	$ 100,940,871

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

Governmental activities:	
Public safety	$ 480,716
Public works	3,680,996
Health and social services	4,056
Culture and recreation	1,472,933
Community and economic development	22,716
General government	109,258
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	9,067
Total depreciation expense – governmental activities	$ 5,779,742

Business-type activities:	
Sewage disposal works	$ 1,102,971
Water utility	858,053
Stormwater utility	329,421
Parking facilities	436,234
Refuse collection	156,122
Transit system	359,098
Total depreciation expense – business-type activities	$ 3,241,899

Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Dubuque Metropolitan Area Solid Waste Agency:				
Capital assets, not being depreciated:				
Land	$ 552,528	$ 450,996	$ -	$ 1,003,524
Construction in progress	1,071,772	441,269	(1,513,041)	-
Total capital assets, not being depreciated	1,624,300	892,265	(1,513,041)	1,003,524
Capital assets, being depreciated:				
Buildings	44,349	-	-	44,349
Improvements other than buildings	5,893,766	1,513,041	-	7,406,807
Machinery and equipment	2,034,151	368,716	(296,208)	2,106,659
Total capital assets, being depreciated	7,972,266	1,881,757	(296,208)	9,557,815
Less accumulated depreciation for:				
Buildings	(44,349)	-	-	(44,349)
Improvements other than buildings	(3,842,871)	(421,022)	-	(4,263,893)
Machinery and equipment	(1,324,208)	(235,581)	254,966	(1,304,823)
Total accumulated depreciation	(5,211,428)	(656,603)	254,966	(5,613,065)
Total capital assets, being depreciated, net	2,760,838	1,225,154	(41,242)	3,944,750
Dubuque Metropolitan Area Solid Waste Agency capital assets, net	$ 4,385,138	$ 2,117,419	$ (1,554,283)	$ 4,948,274

Depreciation expense of $656,603 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

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NOTE 6 – LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was $29,590,000. During the year, general obligation bonds totaling $9,015,000 were issued to fund stormwater utilities facilities and improvements.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. General obligation bonds outstanding at June 30, 2005, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate purpose	07/01/95	05/01/96-05/01/05	4.90%	$ 2,000,000	$ -
Corporate purpose	06/01/00	06/01/02-06/01/20	5.80-5.88	2,750,000	2,370,000
Corporate purpose	11/01/00	06/01/02-06/01/20	5.13-5.25	6,265,000	5,380,000
Corporate purpose	12/27/01	06/01/05-06/01/21	4.00-4.90	9,500,000	8,830,000
Corporate purpose	01/09/02	06/01/04-06/01/21	4.00-4.95	2,860,000	2,580,000
Corporate purpose	03/26/02	06/01/03-06/01/21	3.75-5.00	1,000,000	905,000
Corporate purpose and refunding	12/03/02	06/01/03-06/01/17	3.00-4.30	3,105,000	2,045,000
Corporate purpose	10/15/03	06/01/04-06/01/23	3.20-4.75	2,110,000	1,925,000
Corporate purpose	04/18/05	06/01/06-06/01/24	2.50-5.00	9,015,000	9,015,000
				$ 38,605,000	$ 33,050,000

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

Fiscal Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2006	$ 870,000	$ 1,175,859	$ 385,000	$ 367,516
2007	1,160,000	1,103,494	415,000	344,994
2008	1,220,000	1,055,380	425,000	329,339
2009	1,305,000	1,004,004	440,000	312,684
2010	1,375,000	948,353	450,000	294,926
2011-2015	7,720,000	3,766,285	2,555,000	1,171,186
2016-2020	9,625,000	1,799,658	2,505,000	562,354
2021-2024	1,685,000	78,663	915,000	96,395
Total	$ 24,960,000	$ 10,931,696	$ 8,090,000	$ 3,479,394

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Tax Increment Financing Bonds. The City issues tax increment financing bonds to provide funds for urban renewal projects. The City pledges property tax revenues from the tax increment financing districts to pay debt service. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. The original amount of tax increment financing bonds issued in prior years was $4,568,538. Tax increment financing bonds outstanding at June 30, 2005, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Advanced Data-Comm	03/18/99	12/31/01-06/30/11	6.0%	$ 900,000	$ 580,778
Categraph Systems	12/01/99	12/31/01-12/31/10	8.8	360,000	237,031
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1	3,168,538	2,493,011
Vessel Systems	12/30/03	12/30/05-06/30/15	8.0	140,000	140,000
				$ 4,568,538	$ 3,450,820

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

Fiscal Year Ending June 30	Governmental Activities Principal	Interest
2006	$ 410,516	$ 285,466
2007	445,447	250,533
2008	483,426	212,553
2009	524,722	171,258
2010	569,630	126,350
2011-2015	1,017,079	122,971
Total	$ 3,450,820	$ 1,169,131

Revenue Bonds. The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Revenue bonds outstanding at June 30, 2005, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Parking facilities	03/01/98	05/01/98-05/01/10	4.55-4.75%	$ 2,515,000	$ 1,150,000

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Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-Type Activities Principal	Business-Type Activities Interest
2006	$ 210,000	$ 53,525
2007	220,000	43,970
2008	230,000	33,850
2009	240,000	23,155
2010	250,000	11,875
Total	$ 1,150,000	$ 166,375

Notes Payable. Notes payable have been issued to provide funds for economic development and for the purchase of capital assets. Notes payable at June 30, 2005, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Economic development	02/13/04	06/01/05-06/01/15	4.07%	$ 500,000	$ 454,545
Economic development	06/30/04	12/30/05-06/30/15	8.00	182,000	167,666
				$ 682,000	$ 622,211

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

Fiscal Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2006	$ 45,455	$ 32,182
2007	57,891	30,914
2008	58,905	28,049
2009	60,003	25,102
2010	61,190	22,064
2011-2015	338,767	56,459
Total	$ 622,211	$ 194,770

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Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 19,010,000	$ 7,265,000	$ (1,315,000)	$ 24,960,000	$ 870,000
Less: Unamortized discounts	-	(58,487)	728	(57,759)	-
Total general obligation bonds	19,010,000	7,206,513	(1,314,272)	24,902,241	870,000
Tax increment financing bonds	3,820,394	-	(369,574)	3,450,820	410,516
Notes payable	695,000	12,666	(85,455)	622,211	45,455
Compensated absences	2,313,603	2,325,284	(2,313,603)	2,325,284	2,325,284
	$ 25,838,997	$ 9,544,463	$ (4,082,904)	$ 31,300,556	$ 3,651,255
Business-type activities:					
General obligation bonds	$ 6,660,000	$ 1,750,000	$ (320,000)	$ 8,090,000	$ 385,000
Less: Unamortized discounts	(37,250)	(17,500)	2,344	(52,406)	-
Total general obligation bonds	6,622,750	1,732,500	(317,656)	8,037,594	385,000
Revenue bonds	1,350,000	-	(200,000)	1,150,000	210,000
Less: Deferred amounts on refunding	(16,000)	-	2,667	(13,333)	-
Total revenue bonds	1,334,000	-	(197,333)	1,136,667	210,000
Compensated absences	292,266	287,153	(292,266)	287,153	287,153
	$ 8,249,016	$ 2,019,653	$ (807,255)	$ 9,461,414	$ 882,153

For the governmental activities, compensated absences are generally liquidated by the general fund, community development fund, and section VIII housing fund.

NOTE 7 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance and participates in a local government risk pool.

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents which is included in the Internal Service Fund Type. Health benefits were self-insured up to an individual stop loss amount of $85,000, and an aggregate stop loss of $5,957,233 for 2005. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

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The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop loss amount of $450,000, and an aggregate stop loss consistent with statutory limits for 2005. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the last three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

All funds of the City participate in both programs and make payments to the Health Insurance Reserve Fund and the Workers' Compensation Reserve Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. The claims liability of $809,868 in the Health Insurance Reserve Fund and $491,537 in the Workers' Compensation Reserve Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in reported liabilities for the fiscal years ended June 30, 2004 and 2005, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
Liabilities at June 30, 2003	$ 757,944	$ 281,128
Claims and changes in estimates during fiscal year 2004	4,587,080	301,154
Claim payments	(4,636,770)	(273,962)
Liabilities at June 30, 2004	708,254	308,320
Claims and changes in estimates during fiscal year 2005	5,219,324	581,291
Claim payments	(5,117,710)	(398,074)
Liabilities at June 30, 2005	$ 809,868	$ 491,537

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 509 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2005, were $470,009.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $250,000 per claim. Claims exceeding $250,000 are reinsured in an amount not to exceed $1,750,000 per claim and $5,000,000 in aggregate per year. For members requiring specific coverage from $2,000,000 to $10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to $100,000 each occurrence, each location with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

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

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NOTE 8 – COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2005.

Litigation

The City's corporation counsel reported that as of June 30, 2005, various claims and lawsuits were on file against the City. The corporation counsel estimated that all potential settlements against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2005. The City has additional commitments for signed construction contracts of $5,341,730 as of June 30, 2005. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides certain health care benefits for retired disabled police officers and firefighters as mandated by the Code of Iowa. The cost of health care benefits for retired disabled police officers and firefighters is recognized as an expenditure as claims are paid. As of June 30, 2005, 57 retirees were eligible for these benefits, and the cost of the benefits for the fiscal year ended June 30, 2005, totaled $185,591.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS

MFPRSI

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability, and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th Street, Des Moines, Iowa, 50322.

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Plan members are required to contribute 9.35% of earnable compensation. The City was required to contribute 24.92% of earnable compensation in 2005, 20.48% of earnable compensation in 2004, and 17.00% of earnable compensation in 2003. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2005, 2004, and 2003, were $2,286,369, $1,782,373, and $1,425,337, respectively, which met the required minimum contribution for each year.

IPERS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary, and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2005, 2004, and 2003, were $979,669, $950,155, and $918,374, respectively, equal to the required contributions for each year.

NOTE 11 – CONDUIT DEBT

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2005, there were three series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $6,200,000.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE

State and federal laws and regulations require the Dubuque Metropolitan Area Solid Waste Agency to place a final cover on each cell of its landfill site when filled and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and postclosure care costs will be paid only near or after the date that each cell stops accepting waste, the Agency reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date. The $2,605,333 reported as landfill closure and postclosure care liability at June 30, 2005, represents the cumulative amount reported to date based on the use of 96% of the estimated capacity of cells 3 and 4, the use of 75% of the estimated capacity of cells 5 and 6, and the use of 10% of the estimated capacity of cells 7 and 8. The Agency will recognize the remaining estimated cost of closure and postclosure care of $1,382,467 as the remaining capacity is filled.

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These amounts are based on what it would cost to perform all closure and postclosure care in 2005. The Agency expects to close cells 3 and 4 in 2007, cells 5 and 6 in 2011, and cells 7 and 8 in 2015. The Agency is making plans to construct a second generation of cells to extend the life of the landfill to 2050. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2005, funds have been restricted for closure and postclosure costs in the amount of $3,144,218, which exceeds the liability currently recognized.

NOTE 13 – VISION IOWA GRANT

The City, along with the Dubuque County Historical Society, has entered into a $40 million Vision Iowa Grant for the construction of the America's River Project. As part of the agreement, the City has issued $12,360,000 in general obligation bonds and is to receive approximately $20 million of the grant proceeds, with the Historical Society receiving the remaining proceeds. As of June 30, 2005, the City has received $19 million of the grant proceeds. The remaining grant proceeds were received in November of 2005.

NOTE 14 – LEASES WHERE CITY IS LESSOR

The City of Dubuque leases riverfront property, airport property (hangars and terminal space), farm land, parking areas, space for antennas on top of water towers, and concession areas under operating leases. The most significant lease is the lease of the greyhound racing and gambling facility and related parking area to the Dubuque Racing Association (DRA). The City's cost of the leased DRA assets total $10,144,771. The carrying amount of the assets at June 30, 2005 is $8,008,429, with $142,423 of depreciation expense during the year ended June 30, 2005. The DRA lease amount is based on the associations gross gambling receipts. During the year ended June 30, 2005, the DRA lease generated $6,586,477 in lease revenue.

NOTE 15 – RESTATEMENT OF BEGINNING BALANCES

The restatement of the Governmental Activities Net Assets was due to the inclusion of the Dog Track Depreciation Fund as a capital projects fund in prior year. The Dog Track Depreciation Fund is correctly shown as an agency fund in the current year.

	Governmental Activities
Net assets June 30, 2004, as previously reported	$ 275,117,693
Adjustment	
Effect of reporting Dog Track Depreciation Fund as an Agency Fund	(1,175,906)
Net assets June 30, 2004, as restated	$ 273,941,787

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NOTE 16 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS

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

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* issued November 2003, will be effective for the City for the fiscal year ending June 30, 2006. This statement establishes accounting and financial reporting standards for impairment of capital assets and also clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* issued April 2004, will be effective for the City for the fiscal year ending June 30, 2008. This statement establishes uniform financial reporting standards for other postemployment benefit (OPEB) plans and supersedes the interim guidance included in Statement No. 26. This statement affects reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

Statement No. 44, *Economic Condition Reporting: The Statistical Section* issued May 2004, will be effective for the City for the fiscal year ending June 30, 2006. This statement amends previous guidance regarding preparation of the statistical section for governments that issue a comprehensive annual financial report.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* issued June 2004, will be effective for the City for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Statement No. 46, *Net Assets Restricted by Enabling Legislation* issued December 2004, will be effective for the City for the fiscal year ending June 30, 2006. This statement clarifies the definition of a legally enforceable enabling legislation restriction. It also specifies the accounting and financial reporting requirements for the restrictions and for any changes in them.

Statement No. 47, *Accounting for Termination Benefits* issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this statement should be implemented simultaneously with the requirements of Statement No. 45. For all other termination benefits, this statement is effective for the fiscal year ending June 30, 2006.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DUBUQUE, IOWA
SCHEDULE OF RECEIPTS, EXPENDITURES, AND CHANGES IN BALANCES – BUDGET AND ACTUAL (BUDGETARY BASIS)
GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
RECEIPTS				
Property tax	$ 15,713,796	$ 15,655,911	$ 15,655,911	$ 57,885
Tax increment financing	3,362,575	3,390,876	3,390,876	(28,301)
Other city tax	9,575,795	9,809,863	9,809,863	(234,068)
Licenses and permits	2,885,271	2,817,834	2,887,834	(2,563)
Use of money and property	14,748,129	11,896,877	12,555,193	2,192,936
Intergovernmental	19,089,741	22,297,156	44,973,094	(25,883,353)
Charges for fees and service	17,504,032	20,303,342	20,826,968	(3,322,936)
Special assessments	260,415	445,000	1,295,127	(1,034,712)
Miscellaneous	2,795,157	5,314,093	5,409,727	(2,614,570)
Total Receipts	85,934,911	91,930,952	116,804,593	(30,869,682)
EXPENDITURES				
Public safety	18,121,165	17,835,933	18,315,879	194,714
Public works	8,649,805	8,103,282	9,238,461	588,656
Health and social services	658,776	739,708	883,594	224,818
Culture and recreation	7,023,186	7,703,052	7,624,647	601,461
Community and economic development	9,358,450	8,530,293	9,498,579	140,129
General government	4,344,465	3,985,166	4,445,618	101,153
Debt service	2,973,012	2,883,177	2,973,182	170
Capital projects	24,056,792	18,336,342	55,340,550	31,283,758
Business-type activities	18,633,672	25,325,091	43,416,661	24,782,989
Total Expenditures	93,819,323	93,442,044	151,737,171	57,917,848
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES	(7,884,412)	(1,511,092)	(34,932,578)	27,048,166
OTHER FINANCING SOURCES, NET	9,166,003	2,286,265	3,047,720	6,118,283
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,281,591	775,173	(31,884,858)	33,166,449
BALANCE, BEGINNING	44,964,228	44,964,228	44,964,228	-
BALANCE, ENDING	$ 46,245,819	$ 45,739,401	$ 13,079,370	$ 33,166,449

CITY OF DUBUQUE, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
FOR THE YEAR ENDED JUNE 30, 2005

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

The Code of Iowa requires the adoption of an annual budget on or before March 15 of each year which becomes effective July 1 and constitutes the appropriation for each function specified therein until amended. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the function level for the City as a whole, rather than at the fund or fund type level. The internal service fund or agency fund activity is not included in the adopted budget.

The City's budget is prepared on the cash basis of accounting with an adjustment for accrued payroll following required public notice and hearings. After the initial annual budget is adopted, it may be amended for specified purposes. Budget amendments must be prepared and adopted in the same manner as the original budget. Management is not authorized to amend the budget or to make budgetary transfers between functions without the approval of the City Council. Management may make budgeting transfers between funds as long as the transfers are within the same function. The City has adopted a policy relative to budgetary control and amendment which provides for control at the line-item level and review of the current year's budget at the time the next year's budget is prepared. This usually results in amending the appropriations of all functions to adjust to current conditions. Supplemental appropriations are only provided when unanticipated revenues or budget surpluses become available. Appropriations as adopted lapse at the end of the fiscal year.

The budget for the fiscal year ended June 30, 2005, was amended two times during the year to allow the City to increase function expenditures by $58,295,127, primarily for the carry-forward of unfinished capital improvement projects and expenditure of additional grants for capital improvements.

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

	Budgetary Basis	Accrual Adjustments	Modified Accrual/ Accrual Basis	Governmental Funds Modified Accrual Basis	Enterprise Funds Accrual Basis	Total
Receipts/revenues	$ 85,934,911	$ (69,075)	$ 85,865,836	$ 70,034,398	$ 15,831,438	$ 85,865,836
Expenditures/expenses	93,819,323	(3,284,826)	90,534,497	73,882,031	16,652,466	90,534,497
Excess (deficiency) of receipts/revenues over under expenditures/ expenses	(7,884,412)	3,215,751	(4,668,661)	(3,847,633)	(821,028)	(4,668,661)
Other financing sources, net	9,166,003	(991,647)	8,174,356	4,266,291	3,908,065	8,174,356
Net	1,281,591	2,224,104	3,505,695	418,658	3,087,037	3,505,695
Balance, beginning	44,964,228	105,444,449	150,408,677	47,050,690	103,357,987	150,408,677
Balance, ending	$ 46,245,819	$ 107,668,553	$ 153,914,372	$ 47,469,348	$ 106,445,024	$ 153,914,372

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

Tort Liability Fund - This fund is used to collect a special property tax levy which is then transferred to the General Fund. The General Fund accounts for the administration and payment of damage claims against the City.

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

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

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

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

DEBT SERVICE FUND

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

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

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

General Construction Fund - This fund is used to account for the resources and costs related to non-assignable capital improvements.

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

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

PERMANENT FUNDS

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

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

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

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Road Use Tax	Section VIII Housing	Tort Liability
ASSETS			
Cash and pooled cash investments	$ 1,957,953	$ 492,298	$ 18,457
Receivables			
Property tax			
Delinquent	-	-	4,097
Succeeding year	-	-	367,274
Accounts and other	-	-	-
Special assessments	-	-	-
Accrued interest	-	1,911	-
Notes	-	6,049	-
Intergovernmental	375,375	191,224	-
Restricted cash and pooled cash investments	-	-	-
Total Assets	$ 2,333,328	$ 691,482	$ 389,828
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 80,361	$ 33,022	$ -
Accrued payroll	40,597	9,983	-
Intergovernmental payable	-	41,775	-
Due to other funds	-	-	-
Deferred revenue			
Succeeding year property tax	-	-	367,274
Other	-	191,224	537
Total Liabilities	120,958	276,004	367,811
FUND BALANCES			
Reserved for/by			
Encumbrances	81,265	9,165	-
Long-term notes receivable	-	5,049	-
Bond ordinance	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated, reported in			
Special revenue funds	2,131,105	401,264	22,017
Debt service fund	-	-	-
Capital projects funds	-	-	-
Permanent funds	-	-	-
Total Fund Balances	2,212,370	415,478	22,017
Total Liabilities and Fund Balances	$ 2,333,328	$ 691,482	$ 389,828

Special Revenue				
Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
$ 638,828	$ -	$ 1,007,315	$ 180,283	$ -
-	-	-	-	2,679
-	-	-	-	-
-	-	11,464	-	-
426,739	-	-	-	-
4,462	8,357	3,828	1,080	1,248
-	-	-	-	-
-	-	-	-	-
-	150,526	19,327	-	-
$ 1,070,029	$ 158,883	$ 1,041,934	$ 181,363	$ 3,927
$ -	$ 3,032	$ 6,886	$ 9,820	$ 775
-	-	4,807	-	-
-	-	-	-	-
-	297,203	-	-	59,121
-	-	-	-	-
382,384	-	504,000	-	351
382,384	300,235	515,693	9,820	60,247
-	-	163,193	-	-
-	-	-	-	-
-	150,526	-	-	-
-	-	19,327	-	-
-	-	-	-	-
687,645	(291,878)	343,721	171,543	-
-	-	-	-	(56,320)
-	-	-	-	-
-	-	-	-	-
687,645	(141,352)	526,241	171,543	(56,320)
$ 1,070,029	$ 158,883	$ 1,041,934	$ 181,363	$ 3,927

(continued)

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Capital Projects		
	Street Construction	General Construction	Airport Construction
ASSETS			
Cash and pooled cash investments	$ 1,870,064	$ 7,531,327	$ 31,214
Receivables			
Property tax			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts and other	-	-	-
Special assessments	-	-	-
Accrued interest	12,348	57,890	-
Notes	-	-	-
Intergovernmental	926,481	-	431,089
Restricted cash and pooled cash investments	-	-	-
Total Assets	$ 2,808,893	$ 7,589,217	$ 462,303
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 260,646	$ 59,787	$ 459,867
Accrued payroll	-	-	-
Intergovernmental payable	-	-	-
Due to other funds	-	-	-
Deferred revenue			
Succeeding year property tax	-	-	-
Other	-	-	-
Total Liabilities	260,646	59,787	459,867
FUND BALANCES			
Reserved for/by			
Encumbrances	1,066,324	131,852	563,486
Long-term notes receivable	-	-	-
Bond ordinance	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated, reported in			
Special revenue funds	-	-	-
Debt service fund	-	-	-
Capital projects funds	1,481,923	7,397,578	(561,050)
Permanent funds	-	-	-
Total Fund Balances	2,548,247	7,529,430	2,436
Total Liabilities and Fund Balances	$ 2,808,893	$ 7,589,217	$ 462,303

	Permanent Funds		Total
Sales Tax Construction	Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
$ 2,680,404	$ -	$ -	$ 16,408,143
-	-	-	6,776
-	-	-	367,274
-	-	-	11,464
-	-	-	426,739
18,114	455	111	109,804
-	-	-	6,049
219,591	-	-	2,143,760
-	76,177	19,276	265,306
$ 2,918,109	$ 76,632	$ 19,387	$ 19,745,315
$ 19,298	$ -	$ -	$ 933,494
-	-	-	55,387
-	-	-	41,775
-	-	-	356,324
-	-	-	367,274
-	-	-	1,078,496
19,298	-	-	2,832,750
25,801	-	-	2,041,086
-	-	-	5,049
-	-	-	150,526
-	-	-	19,327
-	10,391	12,000	22,391
-	-	-	3,465,417
-	-	-	(56,320)
2,873,010	-	-	11,191,461
-	66,241	7,387	73,628
2,898,811	76,632	19,387	16,912,565
$ 2,918,109	$ 76,632	$ 19,387	$ 19,745,315

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Road Use Tax	Section VIII Housing	Tort Liability
REVENUES			
Taxes	$ -	$ -	$ 339,955
Special assessments	-	-	-
Intergovernmental	4,791,782	4,586,615	-
Charges for services	-	-	-
Investment earnings	-	15,621	-
Contributions	-	-	-
Gaming	-	-	-
Miscellaneous	203,650	26,552	-
Total Revenues	4,995,432	4,628,788	339,955
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	3,906,509	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	4,655,784	-
General government	55,166	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total Expenditures	3,961,675	4,655,784	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,033,757	(26,996)	339,955
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	-	-
Discount on bonds	-	-	-
Transfers in	-	-	-
Transfers out	(5,056,406)	(100)	(339,826)
Total Other Financing Sources (Uses)	(5,056,406)	(100)	(339,826)
NET CHANGE IN FUND BALANCES	(4,022,649)	(27,096)	129
FUND BALANCES, BEGINNING	6,235,019	442,574	21,888
FUND BALANCES, ENDING	$ 2,212,370	$ 415,478	$ 22,017

Special Revenue: Police and Fire Retirement	Special Revenue: Special Assessments	Special Revenue: Tax Increment Financing	Special Revenue: Cable TV	Special Revenue: Library Expendable Gifts Trust	Debt Service
$ -	$ -	$ 3,362,736	$ -	$ -	$ 237,035
-	197,195	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	45,332	38,396	19,564	4,613	405
-	-	-	-	57,878	-
-	-	-	-	-	-
-	-	-	579,058	-	-
-	242,527	3,401,132	598,622	62,491	237,440
-	-	-	82,768	-	-
-	-	-	10,493	-	-
-	-	-	23,736	-	-
-	-	-	-	44,347	-
-	-	830,127	-	-	-
-	-	-	617,031	-	3,925
-	-	1,320,661	-	-	1,594,164
-	-	-	-	-	-
-	-	2,150,788	734,028	44,347	1,598,089
-	242,527	1,250,344	(135,406)	18,144	(1,360,649)
-	-	12,665	-	-	-
-	-	-	-	-	-
-	-	524	2,938	-	1,372,897
(8,760)	(122,814)	(1,000,375)	(6,769)	(8,570)	-
(8,760)	(122,814)	(987,186)	(3,831)	(8,570)	1,372,897
(8,760)	119,713	263,158	(139,237)	9,574	12,248
8,760	567,932	(404,510)	665,478	161,969	(68,568)
$ -	$ 687,645	$ (141,352)	$ 526,241	$ 171,543	$ (56,320)

(continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Capital Projects		
	Street Construction	General Construction	Airport Construction
REVENUES			
Taxes	$ 2,088,938	$ -	$ -
Special assessments	-	-	-
Intergovernmental	597,095	179,344	1,354,470
Charges for services	-	-	163,817
Investment earnings	50,687	124,055	725
Contributions	175,500	-	-
Gaming	-	15,000	-
Miscellaneous	65,807	-	35,622
Total Revenues	2,978,027	318,399	1,554,634
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	-
General government	-	41,909	-
Debt service	-	-	-
Capital projects	5,235,750	997,494	1,681,724
Total Expenditures	5,235,750	1,039,403	1,681,724
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,257,723)	(721,004)	(127,090)
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	7,265,000	-
Discount on bonds	-	(58,487)	-
Transfers in	869,156	520,000	46,724
Transfers out	(184,347)	(2,228,645)	-
Total Other Financing Sources (Uses)	684,809	5,497,868	46,724
NET CHANGE IN FUND BALANCES	(1,572,914)	4,776,864	(80,366)
FUND BALANCES, BEGINNING	4,121,161	2,752,566	82,802
FUND BALANCES, ENDING	$ 2,548,247	$ 7,529,430	$ 2,436

	Permanent Funds		Total
Sales Tax Construction	Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
$ 1,392,625	$ -	$ -	$ 7,421,289
-	-	-	197,195
-	-	-	11,509,306
-	-	-	163,817
76,742	2,262	479	378,881
-	-	-	233,378
-	-	-	15,000
-	-	-	910,689
1,469,367	2,262	479	20,829,555
-	-	-	82,768
-	-	-	3,917,002
-	-	-	23,736
-	856	-	45,203
-	-	-	5,485,911
-	-	-	718,031
-	-	-	2,914,825
311,872	-	-	8,226,840
311,872	856	-	21,414,316
1,157,495	1,406	479	(584,761)
-	-	-	7,277,665
-	-	-	(58,487)
49,951	-	-	2,862,190
(645,937)	-	-	(9,602,549)
(595,986)	-	-	478,819
561,509	1,406	479	(105,942)
2,337,302	75,226	18,908	17,018,507
$ 2,898,811	$ 76,632	$ 19,387	$ 16,912,565

NONMAJOR ENTERPRISE FUNDS

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

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

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

CITY OF DUBUQUE, IOWA

EXHIBIT B-1

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2005

	Refuse Collection	Transit System	Total Other Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	$ 179,376	$ 338,310	$ 517,686
Receivables			
Accounts	243,034	27,563	270,597
Intergovernmental	-	580,773	580,773
Inventories	-	10,403	10,403
Total Current Assets	422,410	957,049	1,379,459
NONCURRENT ASSETS			
Capital assets			
Land	-	36,000	36,000
Buildings	-	1,893,590	1,893,590
Machinery and equipment	1,627,858	3,936,924	5,564,782
Construction in progress	-	4,878	4,878
Accumulated depreciation	(1,071,831)	(2,411,240)	(3,483,071)
Net Capital Assets	556,027	3,460,152	4,016,179
Total Assets	978,437	4,417,201	5,395,638
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	3,829	60,512	64,341
Accrued payroll	32,115	37,829	69,944
Accrued compensated absences	58,945	25,939	84,884
Total Liabilities	94,889	124,280	219,169
NET ASSETS			
Invested in capital assets, net of related debt	556,027	3,460,152	4,016,179
Unrestricted	327,521	832,769	1,160,290
Total Net Assets	$ 883,548	$ 4,292,921	$ 5,176,469

CITY OF DUBUQUE, IOWA

EXHIBIT B-2

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Refuse Collection	Transit System	Total Other Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	$ 2,283,390	$ 329,996	$ 2,613,386
Other	287	59,110	59,397
Total Operating Revenues	2,283,677	389,106	2,672,783
OPERATING EXPENSES			
Employee expense	1,359,794	1,198,974	2,558,768
Utilities	842	53,056	53,898
Repairs and maintenance	182,028	284,079	466,107
Supplies and services	482,345	389,289	871,634
Insurance	21,669	42,057	63,726
Depreciation	156,122	359,098	515,220
Total Operating Expenses	2,202,800	2,326,553	4,529,353
OPERATING INCOME (LOSS)	80,877	(1,937,447)	(1,856,570)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	1,185,741	1,185,741
Investment earnings	19,456	206	19,662
Loss on disposal of assets	-	(355)	(355)
Total Nonoperating Revenues (Expenses)	19,456	1,185,592	1,205,048
INCOME (LOSS) BEFORE TRANSFERS	100,333	(751,855)	(651,522)
TRANSFERS IN	-	1,102,976	1,102,976
TRANSFERS OUT	(496,709)	-	(496,709)
CHANGE IN NET ASSETS	(396,376)	351,121	(45,255)
NET ASSETS, BEGINNING	1,279,924	3,941,800	5,221,724
NET ASSETS, ENDING	$ 883,548	$ 4,292,921	$ 5,176,469

CITY OF DUBUQUE, IOWA

EXHIBIT B-3

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Refuse Collection	Transit System	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 2,302,889	$ 315,762	$ 2,618,651
Cash payments to suppliers for goods and services	(694,102)	(748,067)	(1,442,169)
Cash payments to employees for services	(1,352,713)	(1,187,965)	(2,540,678)
Other operating receipts	287	59,110	59,397
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	256,361	(1,561,160)	(1,304,799)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	1,102,976	1,102,976
Transfers to other funds	(496,709)	-	(496,709)
Payment of interfund balances	-	(102,365)	(102,365)
Intergovernmental grant proceeds	-	1,171,789	1,171,789
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(496,709)	2,172,400	1,675,691
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(163,457)	(273,136)	(436,593)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	19,456	206	19,662
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(384,349)	338,310	(46,039)
CASH AND CASH EQUIVALENTS, BEGINNING	563,725	-	563,725
CASH AND CASH EQUIVALENTS, ENDING	$ 179,376	$ 338,310	$ 517,686

(continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

EXHIBIT B-3
(continued)

	Refuse Collection	Transit System	Total Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 80,877	$ (1,937,447)	$ (1,856,570)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	156,122	359,098	515,220
Change in assets and liabilities			
(Increase) decrease in receivables	19,499	(14,234)	5,265
Decrease in inventories	-	3,602	3,602
Increase (decrease) in accounts payable	(7,218)	16,812	9,594
Increase in accrued liabilities	7,081	11,009	18,090
Total Adjustments	175,484	376,287	551,771
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 256,361	$ (1,561,160)	$ (1,304,799)

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2005

	General Service	Garage Service	Stores/ Printing
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	$ 13,283	$ -	$ 9,239
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	85,448	4,333
Total Current Assets	13,283	85,448	13,572
NONCURRENT ASSETS			
Capital assets			
Machinery and equipment	-	125,239	-
Accumulated depreciation	-	(78,953)	-
Net Capital Assets	-	46,286	-
Total Assets	13,283	131,734	13,572
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	16,032	764
Accrued payroll	22,871	20,766	-
Due to other funds	-	38,311	-
Total Liabilities	22,871	75,109	764
NET ASSETS			
Invested in capital assets, net of related debt	-	46,286	-
Unrestricted	(9,588)	10,339	12,808
Total Net Assets (Deficit)	$ (9,588)	$ 56,625	$ 12,808

Health Insurance Reserve	Workers' Compensation Reserve	Total
$ 1,034,626	$ 491,981	$ 1,549,129
108,271	-	108,271
5,461	3,312	8,773
-	-	89,781
1,148,358	495,293	1,755,954
-	-	125,239
-	-	(78,953)
-	-	46,286
1,148,358	495,293	1,802,240
809,868	491,537	1,318,201
-	-	43,637
-	-	38,311
809,868	491,537	1,400,149
-	-	46,286
338,490	3,756	355,805
$ 338,490	$ 3,756	$ 402,091

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	General Service	Garage Service	Stores/ Printing
OPERATING REVENUES			
Charges for sales and services	$ 1,004,680	$ 1,226,974	$ 28,901
Other	-	448	-
Total Operating Revenues	1,004,680	1,227,422	28,901
OPERATING EXPENSES			
Employee expense	1,005,227	680,503	-
Utilities	-	19,290	-
Repairs and maintenance	-	11,887	-
Supplies and services	-	502,645	27,441
Insurance	-	8,794	-
Depreciation	-	9,067	-
Total Operating Expenses	1,005,227	1,232,186	27,441
OPERATING INCOME (LOSS)	(547)	(4,764)	1,460
NONOPERATING REVENUES			
Investment earnings	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(547)	(4,764)	1,460
TRANSFERS OUT	-	(1,240)	-
CHANGE IN NET ASSETS	(547)	(6,004)	1,460
NET ASSETS (DEFICIT), BEGINNING	(9,041)	62,629	11,348
NET ASSETS (DEFICIT), ENDING	$ (9,588)	$ 56,625	$ 12,808

Health Insurance Reserve	Workers' Compensation Reserve	Total
$ 5,034,847	$ 302,920	$ 7,598,322
124,832	110	125,390
5,159,679	303,030	7,723,712
-	-	1,685,730
-	-	19,290
-	-	11,887
5,226,587	581,340	6,338,013
303,314	24,189	336,297
-	-	9,067
5,529,901	605,529	8,400,284
(370,222)	(302,499)	(676,572)
25,160	15,530	40,690
(345,062)	(286,969)	(635,882)
-	-	(1,240)
(345,062)	(286,969)	(637,122)
683,552	290,725	1,039,213
$ 338,490	$ 3,756	$ 402,091

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 1,004,680	$ 1,226,974	$ 28,901
Cash payments to suppliers for goods and services	-	(594,314)	(24,097)
Cash payments to employees for services	(1,001,008)	(675,344)	-
Other operating receipts	-	448	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,672	(42,236)	4,804
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(1,240)	-
Proceeds from interfund balances	-	38,311	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	37,071	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,672	(5,165)	4,804
CASH AND CASH EQUIVALENTS, BEGINNING	9,611	5,165	4,435
CASH AND CASH EQUIVALENTS, ENDING	$ 13,283	$ -	$ 9,239
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ (547)	$ (4,764)	$ 1,460
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	9,067	-
Change in assets and liabilities			
Decrease in receivables	-	-	-
(Increase) decrease in inventories	-	(54,233)	2,861
Increase in accounts payable	-	2,535	483
Increase in accrued liabilities	4,219	5,159	-
Total Adjustments	4,219	(37,472)	3,344
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 3,672	$ (42,236)	$ 4,804

Health Insurance Reserve	Workers' Compensation Reserve	Total
$ 5,062,850	$ 302,920	$ 7,626,325
(5,428,287)	(422,312)	(6,469,010)
-	-	(1,676,352)
124,832	110	125,390
(240,605)	(119,282)	(393,647)
-	-	(1,240)
-	-	38,311
-	-	37,071
26,617	15,342	41,959
(213,988)	(103,940)	(314,617)
1,248,614	595,921	1,863,746
$ 1,034,626	$ 491,981	$ 1,549,129
$ (370,222)	$ (302,499)	$ (676,572)
-	-	9,067
28,003	-	28,003
-	-	(51,372)
101,614	183,217	287,849
-	-	9,378
129,617	183,217	282,925
$ (240,605)	$ (119,282)	$ (393,647)

AGENCY FUND

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

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

CITY OF DUBUQUE, IOWA

EXHIBIT D-1

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
DOG TRACK DEPRECIATION FUND				
ASSETS				
Cash and pooled cash investments	$ 1,169,932	$ 141,585	$ 633,507	$ 678,010
Accrued interest	5,974	19,404	21,584	3,794
Total Assets	$ 1,175,906	$ 160,989	$ 655,091	$ 681,804
LIABILITIES				
Due to other agency	$ 1,175,906	$ 160,989	$ 655,091	$ 681,804

STATISTICAL SECTION

(Unaudited)

CITY OF DUBUQUE, IOWA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST THREE FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Fiscal Year	Public Safety	Public Works	Health and Social Services	Culture and Recreation	Community and Economic Development	General Government
2003 (1)	$ 15,817	$ 14,454	$ 816	$ 7,367	$ 9,432	$ 4,362
2004	16,605	12,847	1,291	7,849	12,663	3,773
2005	18,637	17,089	654	8,474	9,680	4,048

(1) Fiscal year 2003 was the first year of reporting the City's operation on a government-wide basis.

Table 1

Interest on Long-Term Debt	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities	America's River Project	Refuse Collection	Transit System	Total
$ 1,605	$ 4,656	$ 4,214	$ -	$ 1,445	$ 415	$ 2,141	$ 2,155	$ 68,879
1,249	5,282	4,369	1,185	1,655	1,065	2,238	2,257	74,328
1,298	4,656	4,233	1,115	1,604	516	2,203	2,327	76,534

CITY OF DUBUQUE, IOWA

Table 2

GOVERNMENT-WIDE REVENUES
LAST THREE FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Gaming	Unrestricted Investment Earnings
2003 (1)	$ 19,894	$ 14,558	$ 15,386	$ 26,010	$ 9,540	$ 2,071
2004	23,117	13,023	16,161	27,869	11,631	679
2005	22,411	15,255	9,950	29,424	11,694	1,513

Fiscal Year	Gain on Sale of Capital Assets	Other	Total
2003 (1)	$ -	$ 1,228	$ 88,687
2004	175	639	93,294
2005	171	561	90,979

(1) Fiscal year 2003 was the first year of reporting the City's operation on a government-wide basis.

CITY OF DUBUQUE, IOWA

Table 3

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Fiscal Year	Community Protection	Human Development	Home and Community Environment	Policy and Administration	Debt Service	Total
1996	$ 12,202	$ 5,508	$ 10,060	$ 3,252	$ 3,750	$ 34,772
1997	12,082	5,856	11,050	3,891	3,492	36,371
1998	12,827	6,200	10,380	4,386	2,898	36,691
1999	13,343	6,599	15,136	3,981	2,747	41,806
2000	13,907	7,493	14,983	4,938	2,312	43,633
2001	15,064	8,653	16,410	5,442	2,882	48,451
2002	16,386	8,520	14,361	4,986	2,637	46,890

Fiscal Year	Public Safety	Public Works	Health and Social Services	Culture and Recreation	Community and Economic Devel-opment	General Govern-ment	Debt Service	Total
2003(2)	$ 15,279	$11,860	$ 749	$ 7,514	$ 9,011	$ 3,813	$ 3,678	$ 51,904
2004	16,764	10,724	722	7,470	11,924	4,227	3,423	55,254
2005	18,652	21,301	662	8,180	9,825	3,981	3,010	65,611

(1) Includes general, special revenue, and debt service funds.
(2) The State of Iowa required cities to change from programs to functions during 2003.

CITY OF DUBUQUE, IOWA

Table 4

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Fiscal Year	Taxes	Special Assess-ments (2)	Licenses and Permits	Inter-Govern-mental	Charges for Services	Fines and Forfeits	Invest-ment Earnings	Contri-butions (2)
1996	$ 21,620	$ -	$ 717	$ 9,253	$ 5,491	$ 350	$ 1,686	$ -
1997	24,772	-	507	11,454	6,637	358	1,596	-
1998	24,848	-	507	10,351	7,106	371	1,989	-
1999	25,629	-	580	10,375	7,843	337	1,948	-
2000	25,562	-	613	12,140	7,882	341	1,813	-
2001	26,800	-	576	13,769	8,127	369	2,720	-
2002	26,303	-	703	14,124	8,847	410	1,980	-
2003	22,263	561	754	14,398	5,134	466	1,465	385
2004	24,309	717	1,063	14,365	5,517	242	412	345
2005	25,949	197	1,079	16,239	5,755	268	942	131

Fiscal Year	Gaming (3)	Miscellaneous	Total
1996	$ -	$ 765	$ 39,882
1997	-	1,487	46,811
1998	-	1,619	46,791
1999	-	1,926	48,638
2000	-	950	49,301
2001	-	1,988	54,349
2002	-	1,526	53,893
2003	9,405	1,107	55,938
2004	11,506	1,008	59,484
2005	11,679	1,472	63,711

(1) Includes general, special revenue, and debt service funds.
(2) Special assessments and contribution revenues were included in miscellaneous revenue in years prior to 2003.
(3) Gaming revenue was included in taxes and charges for services in years prior to 2003.

CITY OF DUBUQUE, IOWA **Table 4A**

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Fiscal Year	Property Tax (2)	Money and Credits Replacement Tax	Mobile Homes Tax	State Replacement Personal Prop. Exemption	Sales Tax	Hotel Motel Tax	Utility Franchise Fees	Total
1996	$ 14,928	$ 40	$ 32	$ 472	$ 5,318	$ 830	$ -	$ 21,620
1997	18,454	15	33	492	5,373	784	-	25,151
1998	18,562	42	37	494	4,856	857	-	24,848
1999	19,890	44	33	492	4,206	964	-	25,629
2000	20,519	45	32	492	3,489	985	-	25,562
2001	21,615	45	31	490	3,624	995	-	26,800
2002	21,020	45	31	459	3,797	951	-	26,303
2003	17,528	46	29	443	3,246	970	-	22,263
2004	18,510	24	29	17	3,553	1,314	862	24,309
2005	19,704	23	30	16	3,482	1,384	1,310	25,949

(1) Includes general, special revenue, and debt service funds.
(2) Includes gaming revenues in years prior to 2003.

CITY OF DUBUQUE, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections (2)	Ratio of Total Tax Collections to Total Tax Levy
1996	$ 15,182	$ 14,832	97.7%	$ 118	$ 14,950	98.5%
1997	15,299	15,025	98.2	132	15,157	99.1
1998	15,538	15,426	99.3	172	15,598	100.4
1999	16,587	16,528	99.6	121	16,649	100.4
2000	16,497	16,380	99.3	115	16,495	99.9
2001	17,163	16,662	97.1	120	16,782	97.8
2002	17,147	16,941	98.8	127	17,068	99.5
2003	15,328	15,215	99.3	216	15,432	100.1
2004	16,208	15,937	98.3	11	15,948	98.4
2005	16,408	16,383	99.8	20	16,403	99.9

Fiscal Year	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1996	$ 232	1.5%
1997	274	1.8
1998	138	0.9
1999	129	0.8
2000	138	0.8
2001	150	0.9
2002	238	1.4
2003	130	0.8
2004	207	1.3
2005	196	1.2

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

CITY OF DUBUQUE, IOWA

Table 6

TAXABLE AND ASSESSED VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

	Real Property		Exemptions	Total		Ratio of Total Taxable Value to Total Assessed Value
Fiscal Year	Taxable Value	Assessed Value	Real Property	Taxable Value	Assessed Value	
1996	$ 1,151,187	$ 1,487,208	$ 10,467	$ 1,140,720	$ 1,487,208	76.70%
1997	1,237,246	1,750,830	10,405	1,226,841	1,750,830	70.07
1998	1,259,649	1,776,342	10,218	1,249,431	1,776,342	70.34
1999	1,354,421	1,987,466	10,319	1,344,102	1,987,466	67.62
2000	1,389,352	1,990,428	10,018	1,379,334	1,990,428	69.30
2001	1,377,518	2,014,897	10,194	1,367,324	2,014,897	67.86
2002	1,429,025	2,050,019	10,097	1,418,928	2,050,019	69.21
2003	1,540,206	2,317,926	10,141	1,530,065	2,317,926	66.01
2004	1,572,776	2,350,317	9,694	1,563,082	2,350,317	66.51
2005	1,666,033	2,575,400	9,599	1,656,434	2,575,400	64.32

CITY OF DUBUQUE, IOWA

Table 7

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
TAX RATES PER $1,000 ASSESSED VALUE
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Fiscal Year	Dubuque City	Dubuque School District	Board of Education and Independents	Area 1 Voc. Tech	Dubuque County	Total	Ratio of Dubuque City to Total
1996	$11.78215	$13.70668	$ .74972	$ .49360	$ 6.13169	$32.86384	35.85%
1997	11.38153	12.39251	.70548	.50348	5.87236	30.85536	36.89
1998	11.40112	12.03974	.52563	.49951	5.54113	30.00713	37.99
1999	11.07340	11.98226	.50368	.48592	5.52169	29.56695	37.45
2000	10.71601	11.53111	.56187	.55128	5.54016	28.90043	37.08
2001	11.06712	12.17096	.50467	.56995	5.60750	29.92020	36.99
2002	10.76080	13.50444	.54806	.57072	5.73669	31.12071	34.58
2003	10.21200	13.73882	.55492	.57507	5.60064	30.68145	33.28
2004	10.27303	13.84768	.61686	.57791	5.59515	30.91063	33.23
2005	10.07200	14.27491	.57269	.59804	6.08923	31.60687	31.87

Source: Dubuque County Auditor's Office.

CITY OF DUBUQUE, IOWA

Table 8

PRINCIPAL TAXPAYERS
PAYABLE FISCAL YEAR 2005
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Taxpayer	Type of Business	2005 Assessed Valuation	Percentage of Total Assessed Valuation
Kennedy Mall	Shopping Center	$ 23,834	.93%
Medical Associates Realty	Health Services	17,880	.69
Otto A LLC	Manufacturing	17,500	.68
Nordstrom, Inc.	Warehouse Distributor	16,723	.65
American Trust and Savings Bank	Bank	10,531	.41
Platinum Holdings	Hotel and Waterpark	10,162	.39
Lexington Dubuque	Publishing Distribution Facility	9,815	.38
Asbury Dubuque	Strip Mall	9,095	.35
Minglewood Limited Partnership	Pension Services	9,043	.35
U.S. West Communications	Telecommunications	8,783	.34
Totals		$ 133,366	5.17%

Source: Dubuque County Auditor's Office.

Alliant Energy Power Company and Aquila Natural Gas Company are not on the above schedule. Effective 2001 utility companies pay excise tax on revenue to the state rather than property taxes.

CITY OF DUBUQUE, IOWA

Table 9

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Fiscal Year	Special Assessment Billings	Special Assessment Collected (1)
1996	$ 33	$ 147
1997	41	378
1998	73	179
1999	67	644
2000	67	203
2001	82	698
2002	87	657
2003	89	558
2004	86	793
2005	71	224

(1) Includes prepayments.

CITY OF DUBUQUE, IOWA

Table 10

COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2005
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Actual Valuations		$ 2,662,973
Legal debt margin:		
Debt limitation – 5% of actual valuations		$ 133,149
Debt applicable to limitation:		
Total bonded debt	$ 38,327	
Less: Revenue bonds	(1,150)	
Total debt applicable to limitation *		37,177
Legal debt margin		$ 95,972

* Includes general obligation bonds, tax increment financing bonds, notes payable, and lease obligations paid from general fund.

CITY OF DUBUQUE, IOWA

Table 11

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO TAXABLE VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Population (1) *	Taxable Value (2) *	Net Bonded Debt (3) *	Ratio of Net Bonded Debt to Taxable Value	Net Bonded Debt Per Capita
1996	59	$ 1,140,720	$ 14,200	1.24%	$ 241
1997	59	1,226,841	11,755	0.96	199
1998	59	1,249,431	10,795	0.86	183
1999	56	1,344,102	8,545	0.64	153
2000	56	1,379,334	10,511	0.76	188
2001	58	1,367,324	9,005	0.66	155
2002	58	1,418,928	20,945	1.48	361
2003	58	1,530,065	19,865	1.30	343
2004	58	1,563,082	19,010	1.22	328
2005	58	1,656,434	24,960	1.51	430

* Amounts expressed in thousands.

(1) U.S. Census Bureau.
(2) From Table 6.
(3) From Table 13. Amount does not include revenue bonds.

CITY OF DUBUQUE, IOWA

Table 12

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS) (UNAUDITED)

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
1996	$ 2,410	$ 757	$ 3,167	$ 34,772	9.11%
1997	2,295	662	2,957	36,371	8.13
1998	2,163	554	2,717	36,691	7.41
1999	2,073	440	2,513	41,806	6.01
2000	1,670	320	1,990	43,633	4.56
2001	1,755	406	2,161	48,451	4.46
2002	1,420	453	1,873	46,890	3.99
2003	1,083	1,248	2,331	51,904	4.49
2004	855	929	1,784	55,254	3.23
2005	1,315	903	2,218	65,611	3.38

(1) Excludes bond issuance and other costs.
(2) Includes general, special revenue, and debt service funds.

CITY OF DUBUQUE, IOWA

Table 13

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
JUNE 30, 2005
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Jurisdiction	Net General Obligation Bonded Debt Outstanding		Percentage Applicable to Government	Amount Applicable to Government
Direct:				
City of Dubuque	$ 24,960	(1)	100.00%	$ 24,960
Total	$ 24,960			$ 24,960

(1) Excluding general obligation bonds reported in the enterprise funds.

CITY OF DUBUQUE, IOWA

Table 14

REVENUE BOND COVERAGE
PARKING BONDS
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage (3)
1996	$ 1,152	$ 631	$ 521	$ 105	$ 198	$ 303	1.72
1997	1,175	551	624	110	191	301	2.07
1998	1,268	570	698	150	195	345	2.02
1999	1,303	584	719	155	98	253	2.84
2000	1,278	582	696	165	93	258	2.70
2001	1,552	717	835	170	86	256	3.26
2002	1,452	737	715	180	79	259	2.76
2003	1,484	847	636	190	71	261	2.44
2004	1,659	971	688	200	63	263	2.62
2005	1,934	960	974	210	54	264	3.69

(1) Total revenues (including interest).
(2) Total operating expenses exclusive of depreciation.
(3) Coverage is computed by dividing net revenue available for debt service by debt service requirements. Bond ordinance requires 1.3 minimum coverage.

CITY OF DUBUQUE, IOWA

Table 15

PROPERTY VALUE, CONSTRUCTION PERMITS, AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(UNAUDITED)

	Property Value*			Construction Permits		Bank Deposits (2)	
Fiscal Year	Other (3)	Residential	Total (1)	Number of Permits	Value*	Calendar Year	Total Deposits*
1996	$ 456,075	$ 1,031,133	$ 1,487,208	4,190 ♦	$ 75,569	1995	$ 902,659
1997	519,104	1,231,726	1,750,830	2,039	34,950	1996	901,724
1998	521,327	1,255,015	1,776,342	1,572	35,647	1997	701,402 ⊗
1999	589,760	1,397,706	1,987,466	1,500	58,309	1998	782,248
2000	586,318	1,404,110	1,990,428	1,502	78,500	1999	842,165
2001	593,085	1,421,812	2,014,897	1,448	72,073	2000	934,240
2002	610,673	1,439,346	2,050,019	1,338	115,398	2001	1,019,491
2003	738,823	1,579,103	2,317,926	1,363	88,769	2002	1,078,409
2004	750,853	1,599,464	2,350,317	1,399	110,591	2003	1,231,045
2005	821,772	1,753,628	2,575,400	1,600	162,184	2004	1,322,225

* Amounts expressed in thousands.

(1) Assessed value from Table 6.
(2) Source: Federal Deposit Insurance Corporation.
(3) Commercial, Industrial, and Miscellaneous Values (excludes utilities).

♦ Hail and wind storm in August 1994, caused extensive roof and siding damage throughout the City, greatly increasing permit activity in 1994, 1995, and 1996.

⊗ In 1998, two major banks in the City were consolidated into larger bank corporations; deposits were recorded only at source of charter.

CITY OF DUBUQUE, IOWA

Table 16

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Population (1)	Per Capita Income (2)	Median Age (1)	Public School Enrollment (3)	Unemployment Rate (4)
1996	59,084	$ 22,006	34	10,065	4.8%
1997	59,084	22,914	34	9,985	4.7
1998	59,084	24,362	34	9,857	3.1
1999	56,467	24,435	34	9,735	3.1
2000	56,467	25,691	34	9,697	2.7
2001	57,686	26,309	34	9,680	3.4
2002	57,686	26,760	37	9,906	3.6
2003	57,686	27,241	37	10,122	3.7
2004	57,686	*	37	10,428	4.8
2005	57,686	*	37	10,547	4.8

Data Sources:
(1) Bureau of Census; 2000 Census.
(2) U.S. Department of Commerce, Bureau of Economic Analysis.
(3) Dubuque Community School District
(4) Iowa Department of Employment Services.

* Unavailable at report date.

CITY OF DUBUQUE, IOWA
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2005

Insurer	Policy Number	Expiration Date	Details of Coverage
LIABILITY INSURANCE			
Iowa Communities Assurance Pool	IP041901414000003	7/1/05	Municipal General Liability Includes EMT's and Ambulance Service
Iowa Communities Assurance Pool	IP035901414000003	7/1/05	Municipal Auto Liability Includes Transit Liability
Iowa Communities Assurance Pool	IP015901414000003	7/1/05	Comprehensive & Collision
Iowa Communities Assurance Pool	IP039901414000003	7/1/05	Public Official Liability
Iowa Communities Assurance Pool	IP040891414000003	7/1/05	Police Professional
American International Speciality Lines Insurance Co.	CPO1233294	7/27/07	Lead Pollution Liability
ACE USA	AAPN 00978632	7/1/05	Airport Liability
United National Insurance Co.	LPO 0004225	7/1/05	Public Officials Liability – Airport
Cincinnati Insurance Companies	NPL 2441713	8/1/07	Med/Professional Liability
Mount Vernon Fire Insurance Co.	CL2231997C	4/16/06	Dram Shop Liability – Bunker Hill
Illinois Casualty Insurance Company	LL 81285	5/1/06	Dram Shop Liability – McAleece Park

Table 17

Liability Limits		Annual Premium
$ 5,000,000	Each Occurrence	$ 470,009*
100,000	Aggregate Per Year	
10,000	Deductible Per Occurrence	
5,000,000	Each Accident	
100,000	Aggregate	
10,000	Deductible Per Accident	
	Per Scheduled Motor Vehicles	
5,000,000	Each Claim	
100,000	Aggregate	
10,000	Deductible Per Claim	
5,000,000	Per Person/Agg.	
100,000	Aggregate	
10,000	Deductible Per Claim	
1,000,000	Each Occurrence	8,125
2,000,000	Aggregate	
2,500	Deductible	
20,000,000	Aggregate Limit	46,400
2,500	Deductible	
15,000	Deductible Aggregate	
5,000,000	Each Occurrence/Aggregate	10,990
7,500	Deductible	
1,000,000	Each Person	226
3,000,000	Total Limit	
3,000,000	Each Common Cause/Aggregate	4,495
1,000,000	Each Common Cause	889

(continued)

* Includes the premiums for all policies of the Iowa Communities Assurance Pool.

CITY OF DUBUQUE, IOWA
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2005

Insurer	Policy Number	Expiration Date	Details of Coverage
PROPERTY INSURANCE			
Cincinnati Insurance Co.	CAP 580 1764	7/1/05	Comprehensive Business Policy
CRIME INSURANCE			
Allied Insurance	BD7900575274	7/1/05	Public Official Bond
Fidelity and Deposit Company of Maryland	CCP 006126200	7/1/05	Public Official Bond
BOILER INSURANCE			
Cincinnati Insurance Co.	BEP 264 96 23	7/1/05	Boiler & Machinery

Table 17
(continued)

Liability Limits		Annual Premium
$ 180,600,328	Building & Contents	$ 233,428
10,000	Deductible Per Occurrence	
20,000,000	Earthquake	
996,670	Business Interruption	
2,283,000	EDP Equipment	
3,425,154	Mobile Equipment	
312,917	Camera Equipment	
252,560	Paintings	
3,264,366	Ordinance/Law	
100,000	All Employees	5,880
900,000	City Manager	5,341
900,000	Finance Director	
900,000	Assistant Finance Director	
900,000	Budget Director	
2,500,000	Per Accident	52,084
5,000	Deductible	

CITY OF DUBUQUE, IOWA

Table 18

MISCELLANEOUS STATISTICS
JUNE 30, 2005
(UNAUDITED)

Date of Incorporation	1837
Form of Government	Council/Manager – Ward
Population – 2000 Census	57,686
Number of employees:	
Full Time	489
Part Time/Seasonal	243
Area in square miles	29.4
City of Dubuque facilities and services:	
Miles of streets	290.2
Number of street lights	1,631
Number of traffic signals	111
Culture and Recreation:	
Parks	44
Park acreage	855
Golf courses	1
Swimming Pools	2
Civic Center	1
Fire Protection:	
Number of stations	6
Number of fire personnel and officers	90
Police Protection:	
Number of stations	1
Number of police personnel and officers	101
Sewerage System:	
Miles of sanitary sewers	170
Miles of storm sewers	152.1
Number of treatment plants	1
Number of service connections	21,000
Daily average treatment in gallons	8,500,000
Maximum daily capacity of treatment plant in gallons	13,500,000
Water System:	
Miles of water mains	312
Number of service connections	21,016
Number of fire hydrants	2,770
Daily average consumption in gallons	7,720,000
Maximum daily capacity of plant in gallons	18,000,000
Public Transit System	Vehicles – 27
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	17
Number of secondary schools	8
Number of colleges	4
Number of universities	1
Number of theological seminaries	2
Hospitals:	
Number of hospitals	2
Number of licensed patient beds	421

COMPLIANCE SECTION

EideBailly℠

CPAs & BUSINESS ADVISORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of non-compliance that is described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

3999 Pennsylvania Ave., Suite 100 ▮ Dubuque, Iowa 52002-2639 ▮ Phone 563.556.1790 ▮ Fax 563.557.7842 ▮ EOE

We noted certain matters that we reported to management of the City of Dubuque, Iowa, in a separate letter dated November 8, 2005.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Dubuque, Iowa, and other parties to whom the City of Dubuque, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Dubuque, Iowa, during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Eide Bailly LLP

Dubuque, Iowa
November 8, 2005

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Dubuque, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Dubuque, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item II-A-05.

Internal Control Over Compliance

The management of the City of Dubuque, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

3999 Pennsylvania Ave., Suite 100 ▌ Dubuque, Iowa 52002-2639 ▌ Phone 563.556.1790 ▌ Fax 563.557.7842 ▌ EOE

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Dubuque, Iowa, and other parties to whom the City of Dubuque, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Dubuque, Iowa
November 8, 2005

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct:			
Department of Commerce:			
Grants for Public Works and Economic Development Facilities	11.300	05-01-03816	$ 237,403
Department of Housing and Urban Development:			
Community Development Block Grants/ Entitlement Grants	14.218	B-XX-MC-19-0004	1,509,419
Community Development Block Grants/ Technical Assistance Program	14.227	SPG-IA-055PG23	27,000
Community Development Block Grants/ Brownfields Economic Development Initiative	14.246	B-02-SP-IA-0178	420,636
Fair Housing Assistance Program – State and Local	14.401	FF207K027006	47,880
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-002	18,230
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-001	8,840
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-005	262,064
			289,134
Section 8 Housing Choice Vouchers	14.871	KC-9004V	4,294,417
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0243-03	1,007,135
Department of Justice:			
Local Law Enforcement Block Grants Program	16.592	2004-LB-BX-0641	11,958
Bulletproof Vest Partnership Program	16.607	2003BUBX030	3,613

(continued)

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct: (continued)			
Department of Justice: (continued)			
Public Safety Partnership and Community Policing Grants	16.710	2001SHWX0414	$ 28,904
Public Safety Partnership and Community Policing Grants	16.710	2000SHWX0668	22,426
			51,330
Federal Drug Task Force Grant	NA	WC IAN 036	1,627
Department of Transportation:			
Airport Improvement Program	20.106	3-19-0028-34	65,627
Airport Improvement Program	20.106	3-19-0028-33	51,026
Airport Improvement Program	20.106	3-19-0028-36	433,242
Airport Improvement Program	20.106	3-19-0028-35	24,219
Airport Improvement Program	20.106	3-19-0028-37	626,983
			1,201,097
Federal Transit – Capital Investment Grants	20.500	IA-90-X262	139,221
Federal Transit – Capital Investment Grants	20.500	IA-90-X252	162,423
			301,644
Federal Transit – Formula Grants	20.507	IA-90-X282	663,188
Payments for Small Community Air Service Development	20.930	OST-2003-15065-148	518,335
Environmental Protection Agency:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BP98719701	112,205
Department of Homeland Security:			
Assistance to Firefighters Grant	97.044	EMW-2004-FG-04732	30,100
Total Direct			10,728,121
Indirect:			
Department of Justice:			
Governor's Office of Drug Control Policy and Dubuque County, Iowa:			
Violence Against Women Formula Grants	16.588	VW 04 7328	2,422
Public Safety Partnership and Community Policing Grants	16.710	2003CKW0467	2,585

(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Indirect: (continued)			
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-2100(621)- -70-31	$ 597,095
Federal Transit – Capital Investment Grants	20.500	03-0095-210-02	8,201
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	05-04, TASK 12	20,609
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	04-410, TASK 15	3,550
Occupant Protection	20.602		1,000
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	04-163, TASK 27	2,309
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	05-163, TASK 28	3,166
			5,475
Department of Homeland Security:			
Dubuque County, Iowa:			
State Domestic Preparedness Equipment Support Program	97.004		96,680
Iowa Department of Public Defense:			
Public Assistance Grants	97.036	FEMA-DR-1420-IA	132,961
Public Assistance Grants	97.036	FEMA-DR-1420-IA	70,948
			203,909
Hazard Mitigation Grant	97.039	1420-0002	6,353
Total indirect			947,879
Total			$ 11,676,000

NA – Not Available

See notes to the Schedule of Expenditures of Federal Awards.

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Dubuque, Iowa, and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Dubuque, Iowa, provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/ Entitlement Grants	14.218	$ 154,693
Community Development Block Grants/Brownfields Economic Development Iniative	14.246	$ 420,636

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

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

(a) Unqualified opinions were issued on the financial statements.

(b) No material weaknesses in internal control over financial reporting were noted.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No material weaknesses in internal control over the major programs were noted.

(e) An unqualified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:

- CFDA Number 14.900 – Lead-Based Paint Hazard Control in Privately-Owned Housing
- CFDA Number 14.871 – Section 8 Housing Choice Vouchers
- CFDA Number 20.930 – Payments for Small Community Air Service Development

(h) The dollar threshold used to distinguish between Type A and Type B programs was $350,280.

(i) The City of Dubuque, Iowa, qualified as a low-risk auditee.

Part II: Findings and Questioned Costs for Federal Awards:

INSTANCE OF NON-COMPLIANCE

CFDA Number 14.900: Lead-Based Paint Hazard Control in Privately-Owned Housing
Grant Number: IALHB0243-03
Department of Housing and Urban Development

II-A-05 Reporting – The City of Dubuque is required to file a financial status report each quarter to report the transactions of this program. In reviewing these reports, we found that the City match of 25% was not properly reported on the form. Further, in reviewing the matching spreadsheets maintained by City personnel, we found that this documentation did not include all of the match of the City, and it did not agree to the financial status reports.

Recommendation – We recommend that City staff update their matching records appropriately and include the proper match on the financial status reports.

Response – Lead paint staff has reviewed the qualified City match contributions for HUD reporting and has corrected the applicable spreadsheets. Corrected Lead Based Paint Hazard Control Program financial status reports are being generated and will be reviewed with the Finance Director prior to submittal to HUD.

Conclusion – Response accepted.

Part III: Other Findings Related to Statutory Reporting:

III-A-05 Official Depositories – A resolution naming official depositories has been approved by the City Council. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

III-B-05 Certified Budget – Function disbursements during the year ended June 30, 2005, did not exceed the amounts budgeted.

III-C-05 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

III-D-05 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-E-05 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
John Zenner, employee, owner of building	Building rent	$ 3,540
Jan Anderson, employee, spouse is owner of Anderson Design & Consulting, Inc.	Architect services	$ 15,997

In accordance with Chapter 362.5(4) of the Code of Iowa, the transaction with John Zenner does not appear to represent a conflict of interest since the transaction was entered into through competitive bidding. The transaction with Anderson Design & Consulting, Inc., may represent a conflict of interest since it was not entered into through competitive bidding.

Response – Finance management will remind City department managers of Chapter 362.5(4) of the Code of Iowa requirements, stating that business transactions totaling $1,500 or more in a fiscal year between the City and City officials or employees be competitively bid.

Conclusion – Response accepted.

III-F-05 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-G-05 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

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

III-H-05 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

III-I-05 Revenue Bonds – No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.

III-J-05 Solid Waste Fees Retainage – The Dubuque Metropolitan Area Solid Waste Agency, a component unit of the City, used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.