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*City of Dubuque, Iowa*  
For the Fiscal Year Ended June 30, 2004

**CITY OF DUBUQUE, IOWA**

**Comprehensive Annual  
Financial Report**

**For the Fiscal Year Ended  
June 30, 2004**

**Prepared by:  
Department of Finance**

# **INTRODUCTORY SECTION**

# CITY OF DUBUQUE, IOWA

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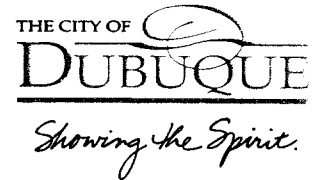
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November 10, 2004

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, 2004, 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 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 3.5 percent. The City of Dubuque currently has a land area of 28 square miles and a 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, Corporate Counsel, and City Clerk. The City Manager is responsible for overseeing the day-to-day operations of the government, making recommendations to the City Council on the budget and other matters and for appointing the heads of the government's departments and 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.

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 sale of 17 acres to Alliant Energy for a new operations facility is complete with construction underway. Giese Manufacturing completed construction of a 30,000 square foot manufacturing facility on a 5-acre site. The Adams Company recently completed a 50,000 square foot manufacturing facility. Vessel Systems has constructed a new 31,000 square foot manufacturing facility. The John G. Bergfeld Recreation Area provides recreation opportunity for employees who work in the park, as well as the public. Dubuque Industrial Center West complements the city-owned, 100-acre Dubuque Technology Park located south of Dubuque adjacent to U.S. 151/61 that has four occupants: Advanced Data-Comm, Cartegraph, Integreat, and McLeod USA.

Eagle Window & Door completed construction of a new 400,000 square foot manufacturing facility in the Kerper Boulevard industrial area, and moved into the facility in December 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 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. CIGNA, occupying a new 115,000 square foot office building in downtown Dubuque announced the company sold its retirement services business to Prudential Financial, who is assuming the job creation contract requirements of the city and state. SISCO, a Dubuque based third party insurance administrator, renovated the historic Town Clock Building adjacent to their downtown Dubuque facility. The renovation provides 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. The building is home to the 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 is complete. The building houses a restaurant, lounge, and banquet facilities. The Iowa Inn, former downtown YMCA, located at 9th and Iowa Street, has completed a \$3.3 million renovation to convert to 33 units for low-income senior housing. 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. "Lot 1" an historical renovation of a building at First and Main was completed in 2004. The Weber Paper building has been remodeled to house Shepherd Publishing, which brought 70 jobs to downtown Dubuque. Heartland Financial USA, completed the \$10 million renovation of the former Walsh hardware store on 13<sup>th</sup> and Central. The company, which provides services to its banks throughout the country has committed to employing 45 new positions within five years.

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, EB Games and Next Generation Wireless were added to the Asbury Plaza. Kohl's Department Store opened in October 2004. 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. Star Cinema, a new state of the art 12 screen movie complex broke ground in 2004.



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 1999-2003, 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 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 will be complete January 2005. Using a \$1.9 million federal appropriation, the City has contracted for preliminary design with Earth Tech.

American Eagle Airlines has maintained and increased its frequency in September 2004 to 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 cut flights to cities large and small. Utilization of the Department of Transportation Small Community Air Service Development Grant of \$610,000 received by the Dubuque Regional Airport and its FLYDBQ Partners aided in reaching the agreement between American Eagle Airlines and Dubuque Regional Airport to initiate the fourth frequency.

In October 2004, the Dubuque Regional Airport received its 14<sup>th</sup> consecutive year of a perfect FAA Part 139 inspection compliance. Dubuque is the only airport in the nation to currently hold this record.

The Benefit Cost Analysis for the new terminal area was completed in September 2004 and accepted by the FAA. Upon completion the Benefit Cost Analysis the FAA concluded the new

terminal area meets all federal guidelines for discretionary funding. Airport staff is currently working on the Environmental Assessment (EA) for the land acquisition required for the terminal area. The EA generally takes up to one year to complete.

Dubuque Regional Airport initiated a Master Plan update in the fall of 2003. The final Planning Advisory Committee meeting and public workshop was held in September 2004. The consultant will present the Master Plan to the Airport Commission in November for their approval and send it to the FAA for acceptance.

Currently a new jet bridge has been ordered to provide Dubuque Regional Airport commercial flyers the convenience of the bridge without having to endure the outside elements while boarding the American Airlines regional jet.

Implementation of the City Council's Neighborhood Reinvestment Strategy provided many 'quality of life' improvements for City residents. The Community Oriented Policing Program expanded to include other City Departments in landlord/tenant 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, 19 families were assisted in purchasing their first home through use of Community Development Block Grant (CDBG) funds. The City provides rental assistance to lower-income families of approximately \$4 million annually through HUD's Section 8 Program. A \$2.4 million award was received from HUD's Lead Hazard Reduction Program to continue efforts to reduce lead paint poisoning. The City assisted a developer to obtain Low Income Housing Tax Credits from the Iowa Finance Authority. With the \$3.6 million award, Gronen Restoration will rehab 30 upper-story apartments in the Upper Main area. In total, the Housing and Community Development Department invested more than \$6.8 million in homeowner and rental housing projects, matched by \$1.2 million in private investment. Neighborhood park development included the installation of new play units in several neighborhood parks during the year, plus Bryant and Table Mound Elementary Schools. Seven million dollars has been invested in the park system over a five-year period.

The City's ambitious riverfront development continued to move forward as planned during the year and was awarded \$40 million (with \$20 million going to the City) from the State of Iowa *Vision Iowa* program. 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. This area already includes historic sites, such as a Civil War Shot Tower, the *William M. Black* steamboat, Mississippi River Museum, 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.
- *Mississippi River Discovery Center and Aquarium-opened June 2003*  
The River Discovery Center and Aquarium is a world-class national museum for the

entire Mississippi River. The Center includes 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 will let 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*

A 115,000 square foot education and conference center had a ribbon cutting. The City's share of State Vision Iowa funds was utilized for the center and related public improvements.

- *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. A one year lease through April 2005 has been signed with the Historic Star Development Corporation and a long-term lease is under negotiation.

- *Phase II Riverfront Development*

Phase II redevelopment is underway. The City purchased approximately 20 acres for former logging and saw mills operations in 2003, and demolished the structures. The City also purchased the Adams Company and relocation of this company was completed in 2004. 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 City owned 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 under design.
- **Neighborhood Reinvestment** – The highly successful Community Oriented Policing and Uptown Recreation programs will continue. Park improvements will continue with over \$7 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 sixty miles of streets over the next five years. In a sixteen-year period from 1990-2006, the City will have completed sixty-nine 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 providing 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 6<sup>th</sup> 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 7<sup>th</sup> 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 40<sup>th</sup> 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.

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, 2004, 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 function. 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, repurchase agreements, U.S. Treasury securities, federal agency obligations, and authorized mutual funds. The City received cash basis investment earnings of \$1,332,515 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 \$400,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims equaled \$290,725 as of June 30, 2004. 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 \$683,553 as of June 30, 2004. 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 2004. 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, 2003. This was the 16<sup>th</sup> 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

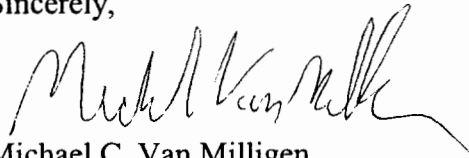
easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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.

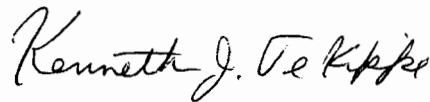
**Bond Rating.** The rating for the City's outstanding general obligation bonded debt was upgraded by Moody's Investors Service to "Aa2" from a previous rating of "Aa3" in September 2003. This upgrade was due in part to the City's sound financial position, anticipated growth of the City's tax base and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



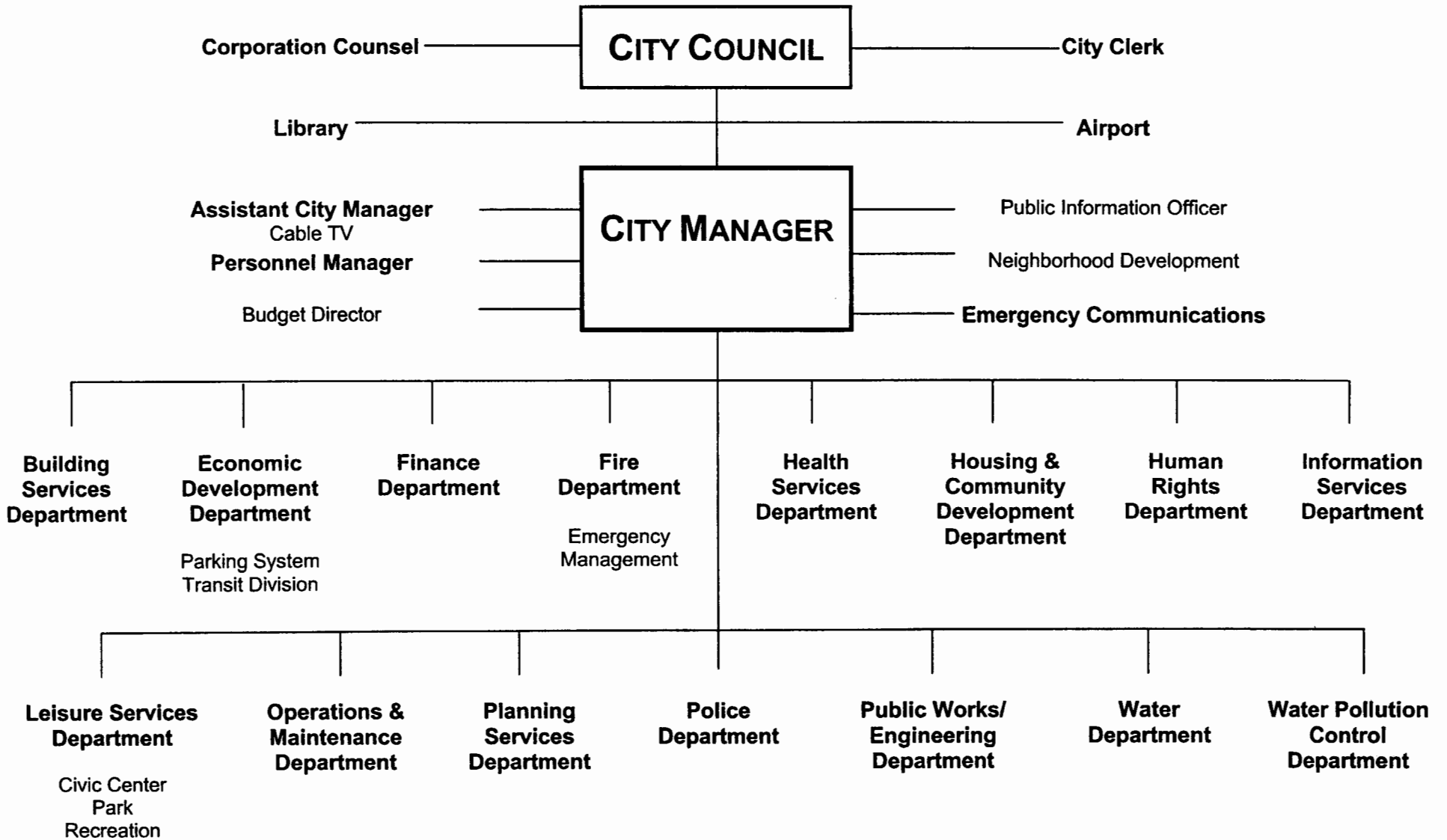
Michael C. Van Milligen  
City Manager



Kenneth J. TeKippe, CPA  
Finance Director



# CITY OF DUBUQUE ORGANIZATIONAL CHART



**CITY OF DUBUQUE, IOWA**  
**OFFICIALS**  
**JUNE 30, 2004**

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**CITY COUNCIL**

Terrance M. Duggan  
Daniel E. Nicholson  
Ann E. Michalski  
John H. Markham  
Roy D. Buol  
Joyce E. Connors  
Patricia A. Cline

Mayor  
Council Member – At Large  
Council Member – At Large  
Council Member – 1<sup>st</sup> Ward  
Council Member – 2<sup>nd</sup> Ward  
Council Member – 3<sup>rd</sup> Ward  
Council Member – 4<sup>th</sup> Ward

**COUNCIL APPOINTED OFFICIALS**

Michael C. Van Milligen  
Barry A. Lindahl  
William G. Blum  
James A. O'Brien  
Jeanne F. Schneider

City Manager  
Corporation Counsel  
City Solicitor  
Assistant City Attorney  
City Clerk

**DEPARTMENT MANAGERS**

Andrew D. Perry  
Cynthia M. Steinhauer  
Dawn L. Lang  
Richard R. Russell  
William J. Baum  
Kenneth J. TeKippe  
E. Daniel Brown  
Mary Rose Corrigan  
David W. Harris, Jr.  
Kelly R. Larson  
Christine A. Kohlmann  
Gil D. Spence  
Susan A. Henricks  
Donald J. Vogt  
Randall K. Peck  
Laura B. Carstens  
Kim B. Wadding  
Gus N. Psihoyos  
Robert M. Green  
Paul J. Horsfall

Airport Manager  
Assistant City Manager  
Budget Director  
Building Services Manager  
Economic Development Director  
Finance Director  
Fire Chief  
Health Services Manager  
Housing and Community Development Manager  
Human Rights Director  
Information Services Manager  
Leisure Services Manager  
Library Director  
Operations & Maintenance Manager  
Personnel Manager  
Planning Services Manager  
Police Chief  
Public Works Director/Engineering Division (Acting)  
Water Department Manager  
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, 2003

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.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

# **FINANCIAL SECTION**



Consultants • Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

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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, as of and for the year ended June 30, 2004, 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; Chapter 11 of the Code of Iowa; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions 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, 2004, 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 10, 2004, 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 required parts 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 nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not required parts 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 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.

*Erin Bailey* LLP

Dubuque, Iowa  
November 10, 2004

**CITY OF DUBUQUE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004**

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, 2004. 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 \$378,475,682 (net assets). This was an increase of \$18,966,505 over net assets at June 30, 2003. Unrestricted net assets at June 30, 2004 in the amount of \$21,825,600 may be used to meet the City's ongoing obligations to citizens and creditors.
- The revenues of the general fund exceeded expenditures by \$1,442,381.
- The ending general fund balance was \$16,918,398.
- Within the City's business-type activities, expenses exceeded revenues and transfers by \$2,210,607.
- For the year, the revenues of the City's governmental activities exceeded expenses and transfers by \$21,177,112.
- The City's debt decreased by \$286,061 due to principal repayments exceeding the issuance of new debt.

**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 for the general, employee benefits, and community development funds 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 no fiduciary funds.

***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's general fund and major special revenue funds.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds 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 \$378,475,682 at the close of the most recent fiscal year.

The largest part of the City's net assets (85.6%) 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	
	2004	2003	2004	2003	2004	2003
Current and Other Assets	\$ 69,886,595	\$ 69,832,586	\$ 13,707,120	\$ 12,398,014	83,593,715	\$ 82,230,600
Capital Assets	250,817,878	230,511,151	99,003,374	104,475,331	349,821,252	334,986,482
Total Assets	320,704,473	300,343,737	112,710,494	116,873,345	433,414,967	417,217,082
Long-term Liabilities	25,838,997	27,096,775	8,249,016	7,194,886	34,088,013	34,291,661
Other Liabilities	19,747,781	19,644,791	1,103,491	4,109,865	20,851,272	23,754,656
Total Liabilities	45,586,778	46,741,566	9,352,507	11,304,751	54,939,285	58,046,317
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	231,863,231	212,767,403	92,301,043	98,706,116	324,164,274	311,473,519
Restricted	31,931,803	29,306,125	554,005	553,677	32,485,808	29,859,802
Unrestricted	11,322,661	11,528,643	10,502,939	6,308,801	21,825,600	17,837,444
Total Net Assets	\$ 275,117,695	\$ 253,602,171	\$ 103,357,987	\$ 105,568,594	\$ 378,475,682	\$ 359,170,765

A portion of the City's net assets (8.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets (5.8%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal years 2004 and 2003, 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 \$21,177,112 or 111.7% of the total increase in net assets in 2004 and \$1,433,969 or 7.2% of the total increase in net assets in 2003. Taxes are the largest source of governmental revenues with property taxes of \$18,588,367 in 2004. Other governmental revenues included gaming of \$11,631,022, local option sales taxes of \$7,105,183, hotel/motel tax of \$1,314,114 and \$8,334,877 of charges for services.

Governmental expenses during 2004 totaled 56,276,810. The largest programs were public safety of \$16,605,481, public works of \$12,847,410, and community and economic development of \$12,662,552. 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	
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 8,334,877	\$ 7,861,142	\$ 14,781,910	\$ 12,033,067	\$ 23,116,787	\$ 19,894,209
Operating grants and contributions	12,197,307	13,677,503	825,538	880,822	13,022,845	14,558,325
Capital grants and contributions	5,153,258	3,447,052	11,007,676	11,938,797	16,160,934	15,385,849
<b>General revenues:</b>						
Property taxes	\$ 18,588,367	\$ 18,041,049	\$ -	\$ 506,054	\$ 18,588,367	\$ 18,547,103
Local option sales taxes	7,105,183	6,492,203	-	-	7,105,183	6,492,203
Hotel/motel tax	1,314,114	970,232	-	-	1,314,114	970,232
Utility franchise fees	862,275	-	-	-	862,275	-
Gaming	11,631,022	9,539,598	-	-	11,631,022	9,539,598
Unrestricted investment earnings	497,361	1,749,301	181,674	321,447	679,035	2,070,748
Gain (Loss) on sale of capital assets	175,231	(149,650)	25	(168,001)	175,256	(317,651)
Other	638,681	1,228,232	-	-	638,681	1,228,232
<b>Total revenues</b>	<b>\$ 66,497,676</b>	<b>\$ 62,856,662</b>	<b>\$ 26,796,823</b>	<b>\$ 25,512,186</b>	<b>\$ 93,294,499</b>	<b>\$ 88,368,848</b>
<b>Expenses:</b>						
Public safety	\$ 16,605,481	\$ 15,817,052	\$ -	\$ -	\$ 16,605,481	\$ 15,817,052
Public works	12,847,410	14,453,558	-	-	12,847,410	14,453,558
Health and social services	1,290,619	815,524	-	-	1,290,619	815,524
Culture and recreation	7,849,114	7,367,147	-	-	7,849,114	7,367,147
Community and economic development	12,662,552	9,431,702	-	-	12,662,552	9,431,702
General government	3,773,136	4,211,922	-	-	3,773,136	4,211,922
Interest on long-term debt	1,248,498	1,605,326	-	-	1,248,498	1,605,326
Sewage Disposal Works	-	-	5,282,016	4,655,696	5,282,016	4,655,696
Water Utility	-	-	4,368,738	4,145,983	4,368,738	4,145,983
Stormwater Utility	-	-	1,184,968	-	1,184,968	-
Parking Facilities	-	-	1,655,429	1,445,434	1,655,429	1,445,434
America's River Project	-	-	1,064,701	414,830	1,064,701	414,830
Refuse collection	-	-	2,238,254	2,140,807	2,238,254	2,140,807
Transit system	-	-	2,257,078	2,055,248	2,257,078	2,055,248
<b>Total expenses</b>	<b>\$ 56,276,810</b>	<b>\$ 53,702,231</b>	<b>\$ 18,051,184</b>	<b>\$ 14,857,998</b>	<b>\$ 74,327,994</b>	<b>\$ 68,560,229</b>

Increases in net assets before transfers	\$ 10,220,866	\$ 9,154,431	\$ 8,745,639	\$ 10,654,188	\$ 18,966,505	\$ 19,808,619
Transfers	10,956,246	(7,720,462)	(10,956,246)	7,720,462	-	-
Increase (decrease) in net assets	21,177,112	1,433,969	(2,210,607)	18,374,650	18,966,505	19,808,619
Net assets - beginning, as restated	253,940,583	252,168,202	105,568,594	87,193,944	359,509,177	339,362,146
Net assets - ending	\$ 275,117,695	\$ 253,602,171	\$ 103,357,987	\$ 105,568,594	\$ 378,475,682	\$ 359,170,765

**Business-type activities.** Business type activities decreased net assets by \$2,210,607 primarily due to the transfer of completed America's River Project assets to governmental activities while the City's net assets increased by \$18,966,505 at June 30, 2004.

## 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 \$48,226,597 at June 30, 2004. 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 increased by \$17,009 to \$119,539. The unreserved fund balance of special revenue community development decreased by \$147,083 to \$2,325,431.

**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, 2004 totaled \$103,357,987 of which 10.2% (\$10,502,939) is unrestricted. The net assets of the internal service funds are \$1,039,214, a \$333,062 increase from the 2003 total net assets. The unrestricted net assets of the internal service funds are \$983,861 (94.7%).

The sewer disposal works had an increase in net assets of \$1,081,697 for total net assets of \$37,245,968 at June 30, 2004. The water utility had an increase in net assets of \$669,027 for total net assets of \$24,181,707. The stormwater utility that originated in fiscal year ended June 30, 2004 had total net assets of \$18,336,380. The parking facilities had an increase in net assets of \$42,785 for total net assets of \$13,066,716. The America's River Project had a decrease in net assets of \$22,462,664 for total net assets of

\$5,305,492. The decrease is primarily attributable to the transfer of capital assets to governmental activities.

## BUDGETARY HIGHLIGHTS

There were four amendments to the City's 2003-2004 budget. State cut backs initiated the first amendment in July 2003. The second amendment was passed in September 2003 primarily to reflect operating and capital encumbrance carryovers and the initiation of a franchise fee. The third budget amendment was passed in January 2004 to reflect capital budget carryovers, (continuing appropriation authority) and limited operating budget carryovers. The final amendment passed in May 2004 projected for year end expenditures and revenue.

**General fund.** The final budget for total revenues increased \$2,565,497 from the original budget. The increase was primarily attributable to grants received and other miscellaneous revenues. The final budget for total expenditures increased \$13,713,918 from the original budget. The increase was primarily attributable to purchase order encumbrances carryover, capital projects carryover from prior year and expenditures associated with new grants received.

Actual revenues were \$3,876,628 less than the final amended budget, and expenditures were \$15,012,502 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, 2004, amounts to \$349,821,252 (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	
	2004	2003	2004	2003	2004	2003
Land	\$ 51,590,495	\$ 48,575,050	\$ 2,161,610	\$ 1,584,577	\$ 53,752,105	\$ 50,159,627
Buildings	66,898,139	37,989,032	59,775,806	59,619,714	126,673,945	97,608,746
Improvements and other buildings	9,673,385	8,829,528	49,770,825	25,742,378	59,444,210	34,571,906
Machinery and equipment	20,726,641	21,748,273	44,071,371	40,303,626	64,798,012	62,051,899
Infrastructure	162,045,913	164,517,860	-	-	162,045,913	164,517,860
Construction in progress	5,058,662	16,345,691	7,344,646	32,215,865	12,403,308	48,561,556
Accumulated depreciation	(65,175,357)	(67,494,283)	(64,120,884)	(54,990,829)	(129,296,241)	(122,485,112)
	<u>\$ 250,817,878</u>	<u>\$ 230,511,151</u>	<u>\$ 99,003,374</u>	<u>\$ 104,475,331</u>	<u>\$ 349,821,252</u>	<u>\$ 334,986,482</u>

Major expenditures during 2003-2004 were for the completion of the Grand River Center, Manson Road bridge replacement, White Street and Wartburg Street

improvements, water, sewer and stormwater projects, and new runway maintenance vehicle at the airport.

**Long-term debt.** At year end the City had \$31,482,144 of debt outstanding. This is a decrease of \$286,061 from June 30, 2003. New debt issued during the current year included \$2,110,000 for stormwater projects and \$795,000 for three new TIF projects. The City's bond rating improved to 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 \$117,516,000. With outstanding general obligation debt of \$30,185,000 we are utilizing 25.7% of this limit. Additional information on the City's long-term debt can be found in note 6 of this report.

## **ECONOMIC FACTORS**

The slowing of the national economy had a relatively mild impact on the City of Dubuque and has been less severe than for many local governments. The City's unemployment rate ended the fiscal year at 3.5%, slightly less than the 3.7% rate for the prior year, and is well under the State of Iowa rate of 4.3% and the 5.6% national rate.

The City continues to enjoy growth in assessed valuation of taxable property net of exemptions (2.0% for total of \$1,563,081,000). The minimum refuse rate increased \$0.40 to \$7.60. Sewer rates increased 3% and water rates increased 5%. A stormwater fee was initiated in fiscal year 2004, total revenue collected of \$580,000. The City did not receive most of the shared revenue and property tax replacement funds provided to local governments from the State of Iowa in 2003 fiscal year.

**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 13<sup>th</sup> Street, Dubuque, Iowa 52001-4864.

# **BASIC FINANCIAL STATEMENTS**

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

	Primary Government			Component Unit
	Governmental	Business-type	Total	Dubuque Metropolitan Area Solid Waste Agency
	Activities	Activities		
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and pooled cash investments	\$ 36,724,693	\$ 10,986,553	\$ 47,711,246	\$ 5,926,904
Receivables				
Property tax				
Delinquent	234,648	-	234,648	-
Succeeding year	16,379,091	-	16,379,091	-
Accounts and other	1,620,929	1,624,916	3,245,845	225,019
Special assessments	515,534	-	515,534	-
Accrued interest	225,095	55,559	280,654	27,640
Notes	720,612	-	720,612	-
Intergovernmental	2,216,257	602,571	2,818,828	-
Internal balances	516,511	(516,511)	-	-
Inventories	139,198	394,990	534,188	-
Prepaid items	23,541	5,037	28,578	-
Total Current Assets	<u>59,316,109</u>	<u>13,153,115</u>	<u>72,469,224</u>	<u>6,179,563</u>
<b>NONCURRENT ASSETS</b>				
Temporarily restricted cash and pooled cash investments	241,499	554,005	795,504	3,415,527
Permanently restricted cash and pooled cash investments	22,391	-	22,391	-
Notes receivable	10,306,596	-	10,306,596	-
Capital assets				
Land	51,590,495	2,161,610	53,752,105	552,528
Buildings	66,898,139	59,775,806	126,673,945	44,349
Improvements other than buildings	9,673,385	49,770,825	59,444,210	5,893,766
Machinery and equipment	20,726,641	44,071,371	64,798,012	2,034,151
Infrastructure	162,045,913	-	162,045,913	-
Construction in progress	5,058,662	7,344,646	12,403,308	1,071,772
Accumulated depreciation	(65,175,357)	(64,120,884)	(129,296,241)	(5,211,428)
Total Noncurrent Assets	<u>261,388,364</u>	<u>99,557,379</u>	<u>360,945,743</u>	<u>7,800,665</u>
Total Assets	<u>320,704,473</u>	<u>112,710,494</u>	<u>433,414,967</u>	<u>13,980,228</u>

See notes to financial statements.



	Primary Government			Component Unit
	Governmental	Business-type	Total	Dubuque Metropolitan
	Activities	Activities		Area Solid Waste Agency
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 2,075,043	\$ 938,037	\$ 3,013,080	\$ 349,529
Accrued payroll	505,536	129,719	635,255	15,319
Notes payable	85,455	-	85,455	-
General obligation bonds payable	1,315,000	320,000	1,635,000	-
Revenue bonds payable	-	200,000	200,000	-
Tax increment financing bonds payable	369,501	-	369,501	-
Accrued compensated absences	2,313,603	292,266	2,605,869	43,577
Accrued interest payable	76,928	35,735	112,663	-
Intergovernmental payable	202,500	-	202,500	81,693
Deferred revenue				
Succeeding year property tax	16,379,091	-	16,379,091	-
Other	508,683	-	508,683	-
Total Current Liabilities	<u>23,831,340</u>	<u>1,915,757</u>	<u>25,747,097</u>	<u>490,118</u>
<b>NONCURRENT LIABILITIES</b>				
Notes payable	609,545	-	609,545	-
General obligation bonds payable	17,695,000	6,302,750	23,997,750	-
Revenue bonds payable	-	1,134,000	1,134,000	-
Landfill closure and postclosure care	-	-	-	1,978,164
Tax increment financing bonds payable	3,450,893	-	3,450,893	-
Total Noncurrent Liabilities	<u>21,755,438</u>	<u>7,436,750</u>	<u>29,192,188</u>	<u>1,978,164</u>
Total Liabilities	<u>45,586,778</u>	<u>9,352,507</u>	<u>54,939,285</u>	<u>2,468,282</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	231,863,231	92,301,043	324,164,274	4,385,138
Restricted for/by				
Bond ordinance	150,526	554,005	704,531	-
Dog track	1,175,907	-	1,175,907	-
Employee benefits	128,299	-	128,299	-
Community development	13,436,820	-	13,436,820	-
Streets	6,235,019	-	6,235,019	-
Capital projects	9,861,763	-	9,861,763	-
Franchise agreement	665,478	-	665,478	-
Endowments				
Expendable	71,743	-	71,743	-
Nonexpendable	22,391	-	22,391	-
Other	183,857	-	183,857	-
State statute	-	-	-	365,041
Minority interest	-	-	-	1,534,921
Unrestricted	11,322,661	10,502,939	21,825,600	5,226,846
Total Net Assets	<u>\$ 275,117,695</u>	<u>\$ 103,357,987</u>	<u>\$ 378,475,682</u>	<u>\$ 11,511,946</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Public safety	\$ 16,605,481	\$ 1,785,787	\$ 574,436	\$ 40,478
Public works	12,847,410	3,392,650	4,912,751	4,185,929
Health and social services	1,290,619	96,156	122,941	680,810
Culture and recreation	7,849,114	2,282,983	175,081	158,246
Community and economic development	12,662,552	345,251	6,357,214	87,795
General government	3,773,136	432,050	54,884	-
Interest on long-term debt	1,248,498	-	-	-
Total governmental activities	<u>56,276,810</u>	<u>8,334,877</u>	<u>12,197,307</u>	<u>5,153,258</u>
Business-type activities				
Sewage disposal works	5,282,016	4,719,491	-	844,096
Water utility	4,368,738	4,307,238	-	153,660
Stormwater utility	1,184,968	754,101	-	62,233
Parking facilities	1,655,429	1,643,490	-	-
America's River Project	1,064,701	881,089	-	9,495,872
Refuse collection	2,238,254	2,157,285	10,694	-
Transit system	2,257,078	319,216	814,844	451,815
Total business-type activities	<u>18,051,184</u>	<u>14,781,910</u>	<u>825,538</u>	<u>11,007,676</u>
Total primary government	<u>\$ 74,327,994</u>	<u>\$ 23,116,787</u>	<u>\$ 13,022,845</u>	<u>\$ 16,160,934</u>
Component unit				
Dubuque Metropolitan Area Solid Waste Agency	<u>\$ 2,423,485</u>	<u>\$ 2,340,934</u>	<u>\$ 7,978</u>	<u>\$ -</u>

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
\$ (14,204,780)	\$ -	\$ (14,204,780)	\$ -
(356,080)	-	(356,080)	-
(390,712)	-	(390,712)	-
(5,232,804)	-	(5,232,804)	-
(5,872,292)	-	(5,872,292)	-
(3,286,202)	-	(3,286,202)	-
(1,248,498)	-	(1,248,498)	-
<u>(30,591,368)</u>	<u>-</u>	<u>(30,591,368)</u>	<u>-</u>
-	281,571	281,571	-
-	92,160	92,160	-
-	(368,634)	(368,634)	-
-	(11,939)	(11,939)	-
-	9,312,260	9,312,260	-
-	(70,275)	(70,275)	-
-	(671,203)	(671,203)	-
<u>-</u>	<u>8,563,940</u>	<u>8,563,940</u>	<u>-</u>
<u>(30,591,368)</u>	<u>8,563,940</u>	<u>(22,027,428)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,573)</u>
18,588,367	-	18,588,367	-
7,105,183	-	7,105,183	-
1,314,114	-	1,314,114	-
862,275	-	862,275	-
11,631,022	-	11,631,022	-
497,361	181,674	679,035	136,384
175,231	25	175,256	-
638,681	-	638,681	-
10,956,246	(10,956,246)	-	-
<u>51,768,480</u>	<u>(10,774,547)</u>	<u>40,993,933</u>	<u>136,384</u>
21,177,112	(2,210,607)	18,966,505	61,811
<u>253,940,583</u>	<u>105,568,594</u>	<u>359,509,177</u>	<u>11,450,135</u>
<u>\$ 275,117,695</u>	<u>\$ 103,357,987</u>	<u>\$ 378,475,682</u>	<u>\$ 11,511,946</u>

**CITY OF DUBUQUE, IOWA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

**EXHIBIT 3**

	Special Revenue			Other	Total
	General	Employee Benefits	Community Development	Governmental Funds	
<b>ASSETS</b>					
Cash and pooled cash investments	\$ 14,709,351	\$ 89,675	\$ 1,733,695	\$ 18,328,228	\$ 34,860,949
Receivables					
Property tax					
Delinquent	192,293	34,517	-	7,838	234,648
Succeeding year	13,778,750	2,037,040	-	563,301	16,379,091
Accounts and other	1,478,416	-	-	6,239	1,484,655
Special assessments	-	-	-	515,534	515,534
Accrued interest	109,411	-	58,296	47,342	215,049
Notes	-	-	11,020,159	7,049	11,027,208
Intergovernmental	934,470	-	219,463	1,062,324	2,216,257
Due from other funds	728,160	-	-	-	728,160
Inventories	100,789	-	-	-	100,789
Advances to other funds	414,146	-	-	-	414,146
Prepaid items	5,475	-	18,066	-	23,541
Restricted cash and pooled cash investments	-	-	-	263,890	263,890
Total Assets	<u>\$ 32,451,261</u>	<u>\$ 2,161,232</u>	<u>\$ 13,049,679</u>	<u>\$ 20,801,745</u>	<u>\$ 68,463,917</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 818,042	\$ -	\$ 39,836	\$ 186,812	\$ 1,044,690
Accrued payroll	408,163	-	15,597	47,517	471,277
Intergovernmental payable	-	-	-	202,500	202,500
Due to other funds	-	-	-	625,795	625,795
Deferred revenue					
Succeeding year property tax	13,778,750	2,037,040	-	563,301	16,379,091
Other	527,908	4,653	-	981,406	1,513,967
Total Liabilities	<u>15,532,863</u>	<u>2,041,693</u>	<u>55,433</u>	<u>2,607,331</u>	<u>20,237,320</u>
<b>FUND BALANCES</b>					
Reserved for/by					
Encumbrances	2,819,189	-	367,868	2,188,776	5,375,833
Long-term notes receivable	-	-	10,300,947	5,649	10,306,596
Advances	414,146	-	-	-	414,146
Bond ordinance	-	-	-	150,526	150,526
Dog track	-	-	-	1,175,906	1,175,906
Franchise agreement	-	-	-	19,327	19,327
Endowments	-	-	-	22,391	22,391
Unreserved					
Designated for					
Future equipment and capital maintenance	4,236,082	-	-	-	4,236,082
Future cash flow	2,796,000	-	-	-	2,796,000
Unreserved, undesignated, reported in					
General fund	6,652,981	-	-	-	6,652,981
Special revenue funds	-	119,539	2,325,431	7,275,442	9,720,412
Debt service fund	-	-	-	(68,569)	(68,569)
Capital projects funds	-	-	-	7,353,593	7,353,593
Permanent funds	-	-	-	71,373	71,373
Total Fund Balances	<u>16,918,398</u>	<u>119,539</u>	<u>12,994,246</u>	<u>18,194,414</u>	<u>48,226,597</u>
Total Liabilities and Fund Balances	<u>\$ 32,451,261</u>	<u>\$ 2,161,232</u>	<u>\$ 13,049,679</u>	<u>\$ 20,801,745</u>	<u>\$ 68,463,917</u>

See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

**EXHIBIT 3-1**

Total fund balances - governmental funds \$ 48,226,597

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	\$ 315,867,996	
Accumulated depreciation	<u>(65,105,471)</u>	
		250,762,525

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	22,965	
Special assessments	420,060	
Other	<u>562,259</u>	
		1,005,284

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.

1,039,214

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	(19,010,000)	
Tax increment financing bonds	(3,820,394)	
Notes payable	(695,000)	
Accrued interest	(76,928)	
Compensated absences	<u>(2,313,603)</u>	
		<u>(25,915,925)</u>

Net assets of governmental activities \$ 275,117,695

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**EXHIBIT 4**

	General	Special Revenue		Other	Total
		Employee Benefits	Community Development	Governmental Funds	
<b>REVENUES</b>					
Taxes	\$ 18,912,705	\$ 2,352,859	\$ -	\$ 6,595,709	\$ 27,861,273
Special assessments	-	-	-	717,305	717,305
Licenses and permits	1,063,081	-	-	-	1,063,081
Intergovernmental	3,847,756	-	1,245,625	11,964,613	17,057,994
Charges for services	5,516,577	-	-	149,730	5,666,307
Fines and forfeits	241,572	-	-	-	241,572
Investment earnings	165,022	-	144,935	192,975	502,932
Contributions	210,131	-	5,000	130,284	345,415
Gaming	11,506,022	-	-	125,000	11,631,022
Miscellaneous	430,735	3	16,420	691,899	1,139,057
<b>Total Revenues</b>	<b>41,893,601</b>	<b>2,352,862</b>	<b>1,411,980</b>	<b>20,567,515</b>	<b>66,225,958</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
Public safety	16,703,056	-	-	61,454	16,764,510
Public works	7,018,984	-	71,302	3,633,241	10,723,527
Health and social services	574,208	-	124,485	23,213	721,906
Culture and recreation	7,316,754	-	111,580	41,930	7,470,264
Community and economic development	5,193,619	-	1,734,193	4,996,199	11,924,011
General government	3,588,905	879	125,295	512,256	4,227,335
Debt service	55,694	-	-	3,366,881	3,422,575
Capital projects	-	-	-	6,865,119	6,865,119
<b>Total Expenditures</b>	<b>40,451,220</b>	<b>879</b>	<b>2,166,855</b>	<b>19,500,293</b>	<b>62,119,247</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,442,381</b>	<b>2,351,983</b>	<b>(754,875)</b>	<b>1,067,222</b>	<b>4,106,711</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	500,000	-	-	295,000	795,000
Transfers in	3,467,016	100,000	25,000	5,070,284	8,662,300
Transfers out	(5,705,822)	(2,434,974)	-	(6,919,873)	(15,060,669)
Sale of capital assets	83,901	-	-	180,443	264,344
<b>Total Other Financing Sources (Uses)</b>	<b>(1,654,905)</b>	<b>(2,334,974)</b>	<b>25,000</b>	<b>(1,374,146)</b>	<b>(5,339,025)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(212,524)</b>	<b>17,009</b>	<b>(729,875)</b>	<b>(306,924)</b>	<b>(1,232,314)</b>
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<b>17,130,922</b>	<b>102,530</b>	<b>13,724,121</b>	<b>18,501,338</b>	<b>49,458,911</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 16,918,398</b>	<b>\$ 119,539</b>	<b>\$ 12,994,246</b>	<b>\$ 18,194,414</b>	<b>\$ 48,226,597</b>

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, 2004**

Net change in fund balances - total governmental funds		\$ (1,232,314)
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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 as depreciation expense. In the current period, these amounts are:

Capital assets expended in governmental funds	\$ 7,939,662	
Transfers of capital assets from enterprise funds	34,410,309	
Transfers of capital assets to enterprise funds	(17,051,794)	
Depreciation expense	<u>(4,893,272)</u>	
		20,404,905

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. (89,113)

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 by these amounts this year:

Property tax	8,666	
Special assessments	56,349	
Other	<u>381,478</u>	
		446,493

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. The bond proceeds (\$2,117,775) exceeded the bond repayments (\$795,000) by \$1,322,775. 1,322,775

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These items consist of:

Decrease in accrued interest	56,302	
Increase in compensated absences	<u>(64,997)</u>	
Total additional expenses		(8,695)

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. 333,061

Change in net assets of governmental activities		<u>\$ 21,177,112</u>
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See notes to financial statements.

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2004**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and pooled cash investments	\$ 4,630,072	\$ 2,491,280	\$ 2,657,181	\$ 643,295
Receivables				
Accounts	662,234	537,304	76,367	41,008
Accrued interest	25,170	14,234	9,300	6,855
Intergovernmental	-	-	-	-
Inventories	-	380,985	-	-
Prepaid items	5,037	-	-	-
Total Current Assets	<u>5,322,513</u>	<u>3,423,803</u>	<u>2,742,848</u>	<u>691,158</u>
<b>NONCURRENT ASSETS</b>				
Restricted cash and pooled cash investments	-	-	-	554,005
Capital assets				
Land	175,671	76,697	577,033	1,296,209
Buildings	31,603,036	7,209,392	-	19,069,788
Improvements other than buildings	26,595,870	520,295	22,407,699	246,961
Machinery and equipment	6,316,568	31,809,520	-	651,206
Construction in progress	177,008	47,779	1,395,109	-
Accumulated depreciation	(32,696,235)	(16,026,952)	(6,685,596)	(5,583,595)
Net Capital Assets	<u>32,171,918</u>	<u>23,636,731</u>	<u>17,694,245</u>	<u>15,680,569</u>
Total Noncurrent Assets	<u>32,171,918</u>	<u>23,636,731</u>	<u>17,694,245</u>	<u>16,234,574</u>
<b>Total Assets</b>	<u>37,494,431</u>	<u>27,060,534</u>	<u>20,437,093</u>	<u>16,925,732</u>



Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ 1,000	\$ 563,725	\$ 10,986,553	\$ 1,863,746
32,141	275,862	1,624,916	136,274
-	-	55,559	10,043
35,750	566,821	602,571	-
-	14,005	394,990	38,409
-	-	5,037	-
<u>68,891</u>	<u>1,420,413</u>	<u>13,669,626</u>	<u>2,048,472</u>
-	-	554,005	-
-	36,000	2,161,610	-
-	1,893,590	59,775,806	-
-	-	49,770,825	-
-	5,294,077	44,071,371	125,239
5,724,750	-	7,344,646	-
-	(3,128,506)	(64,120,884)	(69,886)
<u>5,724,750</u>	<u>4,095,161</u>	<u>99,003,374</u>	<u>55,353</u>
<u>5,724,750</u>	<u>4,095,161</u>	<u>99,557,379</u>	<u>55,353</u>
<u>5,793,641</u>	<u>5,515,574</u>	<u>113,227,005</u>	<u>2,103,825</u>

(continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2004**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 123,484	\$ 162,575	\$ 103,282	\$ 5,800
Accrued payroll	31,066	30,647	-	12,855
General obligation bonds payable	-	140,000	80,000	100,000
Revenue bonds payable	-	-	-	200,000
Accrued compensated absences	93,913	80,780	-	35,986
Accrued interest payable	-	6,713	6,647	22,375
Due to other funds	-	-	-	-
Advances from other funds	-	414,146	-	-
Total Current Liabilities	<u>248,463</u>	<u>834,861</u>	<u>189,929</u>	<u>377,016</u>
<b>NONCURRENT LIABILITIES</b>				
General obligation bonds payable (net of discount of \$37,250)	-	2,043,966	1,910,784	2,348,000
Revenue bonds payable (net of \$16,000 deferred amount on refunding)	-	-	-	1,134,000
Total Noncurrent Liabilities	<u>-</u>	<u>2,043,966</u>	<u>1,910,784</u>	<u>3,482,000</u>
Total Liabilities	<u>248,463</u>	<u>2,878,827</u>	<u>2,100,713</u>	<u>3,859,016</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	32,171,918	21,693,206	16,717,439	11,898,569
Restricted by bond ordinance	-	-	-	554,005
Unrestricted	5,074,050	2,488,501	1,618,941	614,142
Total Net Assets	<u>\$ 37,245,968</u>	<u>\$ 24,181,707</u>	<u>\$ 18,336,380</u>	<u>\$ 13,066,716</u>

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Governmental</u>
<u>America's</u>	<u>Other</u>		<u>Activities-</u>
<u>River</u>	<u>Enterprise</u>		<u>Internal</u>
<u>Project</u>	<u>Funds</u>	<u>Total</u>	<u>Service Funds</u>
\$ 488,149	\$ 54,747	\$ 938,037	\$ 1,030,352
-	55,151	129,719	34,259
-	-	320,000	-
-	-	200,000	-
-	81,587	292,266	-
-	-	35,735	-
-	102,365	102,365	-
-	-	414,146	-
<u>488,149</u>	<u>293,850</u>	<u>2,432,268</u>	<u>1,064,611</u>
-	-	6,302,750	-
-	-	1,134,000	-
-	-	7,436,750	-
<u>488,149</u>	<u>293,850</u>	<u>9,869,018</u>	<u>1,064,611</u>
5,724,750	4,095,161	92,301,043	55,353
-	-	554,005	-
<u>(419,258)</u>	<u>1,126,563</u>	<u>10,502,939</u>	<u>983,861</u>
<u>\$ 5,305,492</u>	<u>\$ 5,221,724</u>	<u>\$ 103,357,987</u>	<u>\$ 1,039,214</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 4,715,405	\$ 4,271,169	\$ 667,585	\$ 1,639,615
Other	4,086	36,069	86,516	3,875
Total Operating Revenues	<u>4,719,491</u>	<u>4,307,238</u>	<u>754,101</u>	<u>1,643,490</u>
<b>OPERATING EXPENSES</b>				
Employee expense	1,728,885	1,618,454	122,928	675,465
Utilities	425,024	386,880	-	79,718
Repairs and maintenance	251,888	106,435	-	36,454
Supplies and services	1,700,035	1,234,047	706,406	147,413
Insurance	85,234	72,242	-	32,048
Depreciation	1,087,054	840,324	297,876	462,318
Total Operating Expenses	<u>5,278,120</u>	<u>4,258,382</u>	<u>1,127,210</u>	<u>1,433,416</u>
OPERATING INCOME (LOSS)	<u>(558,629)</u>	<u>48,856</u>	<u>(373,109)</u>	<u>210,074</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	-	-	32,919	-
Investment earnings	63,580	52,584	45,712	15,426
Contributions	113,049	-	-	-
Interest expense	(3,896)	(110,356)	(57,758)	(222,013)
Gain (loss) on disposal of assets	25	-	-	-
Total Nonoperating Revenues (Expenses)	<u>172,758</u>	<u>(57,772)</u>	<u>20,873</u>	<u>(206,587)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(385,871)</u>	<u>(8,916)</u>	<u>(352,236)</u>	<u>3,487</u>
<b>CAPITAL CONTRIBUTIONS</b>	1,092,093	323,644	16,550,078	-
<b>TRANSFERS IN</b>	375,475	354,299	2,160,987	55,299
<b>TRANSFERS OUT</b>	<u>-</u>	<u>-</u>	<u>(22,449)</u>	<u>(16,001)</u>
<b>CHANGE IN NET ASSETS</b>	1,081,697	669,027	18,336,380	42,785
<b>NET ASSETS, BEGINNING</b>	<u>36,164,271</u>	<u>23,512,680</u>	<u>-</u>	<u>13,023,931</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 37,245,968</u>	<u>\$ 24,181,707</u>	<u>\$ 18,336,380</u>	<u>\$ 13,066,716</u>

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 2,442,342	\$ 13,736,116	\$ 7,456,744
881,089	34,159	1,045,794	387,957
<u>881,089</u>	<u>2,476,501</u>	<u>14,781,910</u>	<u>7,844,701</u>
-	2,224,510	6,370,242	1,648,450
121	50,448	942,191	17,178
-	484,585	879,362	10,357
1,064,580	1,135,654	5,988,135	5,441,579
-	52,960	242,484	411,705
-	533,160	3,220,732	9,067
<u>1,064,701</u>	<u>4,481,317</u>	<u>17,643,146</u>	<u>7,538,336</u>
<u>(183,612)</u>	<u>(2,004,816)</u>	<u>(2,861,236)</u>	<u>306,365</u>
9,494,494	1,277,276	10,804,689	-
4,265	107	181,674	30,596
-	77	113,126	-
-	-	(394,023)	-
-	(14,015)	(13,990)	-
<u>9,498,759</u>	<u>1,263,445</u>	<u>10,691,476</u>	<u>30,596</u>
9,315,147	(741,371)	7,830,240	336,961
1,378	-	17,967,193	-
3,360,894	863,539	7,170,493	-
<u>(35,140,083)</u>	<u>-</u>	<u>(35,178,533)</u>	<u>(3,900)</u>
(22,462,664)	122,168	(2,210,607)	333,061
<u>27,768,156</u>	<u>5,099,556</u>	<u>105,568,594</u>	<u>706,153</u>
<u>\$ 5,305,492</u>	<u>\$ 5,221,724</u>	<u>\$ 103,357,987</u>	<u>\$ 1,039,214</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 4,678,810	\$ 4,173,814	\$ 591,218	\$ 1,606,997
Cash payments to suppliers for goods and services	(2,427,152)	(2,041,401)	(622,588)	(365,722)
Cash payments to employees for services	(1,712,919)	(1,609,294)	(122,928)	(671,622)
Other operating receipts	4,086	36,069	86,516	3,875
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>542,825</u>	<u>559,188</u>	<u>(67,782)</u>	<u>573,528</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	2,174,225	55,299
Transfers to other funds	-	-	(22,449)	(16,001)
Proceeds from interfund balances	-	-	-	-
Payment of interfund balances	-	(34,875)	-	-
Property tax receipts	-	-	-	-
Intergovernmental grant proceeds	-	-	-	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>(34,875)</u>	<u>2,151,776</u>	<u>39,298</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	25	-	-	-
Acquisition and construction of capital assets	(318,158)	(1,272,290)	(1,442,043)	(118,929)
Proceeds from issuance of debt	-	-	2,110,000	-
Payment of debt	(453,188)	(219,923)	(119,216)	(280,959)
Interest paid	(28,547)	(110,815)	(51,111)	(223,865)
Contributions	113,049	-	-	-
Intergovernmental grant proceeds	120,159	-	35,326	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(566,660)</u>	<u>(1,603,028)</u>	<u>532,956</u>	<u>(623,753)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>63,407</u>	<u>51,588</u>	<u>40,231</u>	<u>15,625</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	39,572	(1,027,127)	2,657,181	4,698
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>4,590,500</u>	<u>3,518,407</u>	<u>-</u>	<u>1,192,602</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 4,630,072</u>	<u>\$ 2,491,280</u>	<u>\$ 2,657,181</u>	<u>\$ 1,197,300</u>

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 2,362,769	\$ 13,413,608	\$ 7,320,470
(1,064,701)	(1,716,616)	(8,238,180)	(5,903,808)
-	(2,192,585)	(6,309,348)	(1,638,554)
881,089	34,159	1,045,794	387,957
<u>(183,612)</u>	<u>(1,512,273)</u>	<u>(88,126)</u>	<u>166,065</u>
3,360,894	863,539	6,453,957	-
-	-	(38,450)	(3,900)
-	102,365	102,365	-
-	-	(34,875)	-
-	4,124	4,124	-
-	716,910	716,910	-
<u>3,360,894</u>	<u>1,686,938</u>	<u>7,204,031</u>	<u>(3,900)</u>
-	-	25	-
(12,650,955)	(810,690)	(16,613,065)	-
-	-	2,110,000	-
-	-	(1,073,286)	-
-	-	(414,338)	-
-	77	113,126	-
9,458,744	-	9,614,229	-
<u>(3,192,211)</u>	<u>(810,613)</u>	<u>(6,263,309)</u>	<u>-</u>
<u>4,265</u>	<u>107</u>	<u>175,223</u>	<u>28,610</u>
(10,664)	(635,841)	1,027,819	190,775
11,664	1,199,566	10,512,739	1,672,971
<u>\$ 1,000</u>	<u>\$ 563,725</u>	<u>\$ 11,540,558</u>	<u>\$ 1,863,746</u>

(continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (558,629)	\$ 48,856	\$ (373,109)	\$ 210,074
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	1,087,054	840,324	297,876	462,318
Change in assets and liabilities				
Increase in receivables	(36,595)	(97,355)	(76,367)	(32,618)
Increase in inventories and prepaid items	-	(50,913)	-	-
Increase (decrease) in accounts payable	35,029	(190,884)	83,818	(70,089)
Increase in accrued liabilities	15,966	9,160	-	3,843
Total Adjustments	<u>1,101,454</u>	<u>510,332</u>	<u>305,327</u>	<u>363,454</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 542,825</u>	<u>\$ 559,188</u>	<u>\$ (67,782)</u>	<u>\$ 573,528</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Contributions of capital assets from other funds and outside sources	<u>\$ 1,467,568</u>	<u>\$ 677,943</u>	<u>\$ 16,550,078</u>	<u>\$ -</u>
Contributions of capital assets to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.



<u>Enterprise Funds</u>			<u>Governmental</u>
<u>America's</u>	<u>Other</u>		<u>Activities-</u>
<u>River</u>	<u>Enterprise</u>		<u>Internal</u>
<u>Project</u>	<u>Funds</u>	<u>Total</u>	<u>Service Funds</u>
\$ (183,612)	\$ (2,004,816)	\$ (2,861,236)	\$ 306,365
-	533,160	3,220,732	9,067
-	(79,573)	(322,508)	(136,274)
-	(5,134)	(56,047)	(11,164)
-	12,165	(129,961)	(11,825)
-	31,925	60,894	9,896
-	492,543	2,773,110	(140,300)
\$ (183,612)	\$ (1,512,273)	\$ (88,126)	\$ 166,065
\$ 1,378	\$ -	\$ 18,696,967	\$ -
\$ 35,140,083	\$ -	\$ 35,140,083	\$ -

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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

1. Summary of Significant Accounting Policies
2. Stewardship, Compliance, and Accountability
3. Cash on Hand, Deposits, and Investments
4. Interfund Balances and Transfers
5. Capital Assets
6. Long-term Debt
7. Risk Management
8. Commitments and Contingent Liabilities
9. Post-Employment Health Care Benefits
10. Employee Retirement Systems
11. Conduit Debt
12. Landfill Closure and Postclosure Care
13. Vision Iowa Grant
14. Restatement of Beginning Balances
15. New Governmental Accounting Standards Board (GASB) Standards

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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

**Reporting Entity**

The City of Dubuque, Iowa, is a municipal corporation governed by an elected mayor and a six-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component 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 13<sup>th</sup> 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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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 and contributions that are 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 and proprietary funds. 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 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. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise 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.

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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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**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.

State statutes authorize the City and the Dubuque Metropolitan Area Solid Waste Agency 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; 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.

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.

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.

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*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.

*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 financial statements. 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 repairs 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.

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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:

<u>Assets</u>	<u>Years</u>
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.

*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.



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**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

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 level. The internal service 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. 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, 2004, was amended four times during the year to allow the City to increase function expenditures by approximately \$58,611,499, primarily for the carry-forward of unfinished capital improvement projects and expenditure of additional grants for capital improvements.

The following table, which includes all funds with function budgets, has been prepared to demonstrate legal compliance with budget control:

<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Public Safety	\$ 17,044,601	\$ 16,524,578	\$ 520,023
Public Works	8,777,141	7,332,114	1,455,027
Health and Social Services	1,084,959	721,436	363,523
Culture and Recreation	7,286,322	7,160,792	125,530
Community and Economic Development	8,587,819	8,123,681	464,138
General Government	4,821,888	4,474,784	347,104
Debt Service	3,422,518	3,422,575	(57)
Capital Projects	51,542,102	17,220,814	34,321,288
Business-type Activities	<u>56,672,423</u>	<u>33,528,857</u>	<u>23,143,566</u>
Expenditures/Expenses – Budgetary Basis	<u>\$ 159,239,773</u>	98,509,631	<u>\$ 60,730,142</u>
Accrual adjustments		<u>(18,353,215)</u>	
Expenditures/Expenses – GAAP Basis		<u>\$ 80,156,416</u>	

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the Dubuque Metropolitan Area Solid Waste Agency's governing body.

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**Deficit Fund Equity**

The following funds had deficit fund balances/net assets amounts as of June 30, 2004:

Special Revenue		
Tax Increment Financing	\$	404,508
Debt Service		68,569
Internal Service		
General Service		9,041

**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 \$9,803 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 \$25,438,655 and the bank balance was \$26,901,224. The City's deposits in banks at June 30, 2004, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was \$9,341,981 and the bank balance was \$10,114,677. The Agency's deposits in banks at June 30, 2004, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

**Investments.** The City classifies its investments into categories which present an indication of the level of credit risk in relation to the nature of the investment and the custodial provisions. Category 1 records securities that are insured, registered, held by the City, or held by the City's agent in the City's name. Category 2 denotes uninsured and unregistered securities that are held by a counterparty's trust department or agent in the City's name. Category 3 specifies uninsured and unregistered securities that are held by a counterparty's trust department or agent in other than the City's name.

The City's investments at June 30, 2004, are as follows:

	Categories			Fair Value
	1	2	3	
U.S. Treasury Securities	\$ 587,252	\$ -	\$ -	\$ 587,252
Federal Agency Obligations	21,298,760	-	-	21,298,760
Corporate Stock	57,385	-	-	57,385
	<u>\$ 21,943,397</u>	<u>\$ -</u>	<u>\$ -</u>	21,943,397
Investment Pools:				
Mutual U.S. Government Bond Fund				<u>1,137,286</u>
Total Investments				<u>\$ 23,080,683</u>

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**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
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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, 2004.

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

Cash on hand	\$ 9,803
Carrying amount of deposits	25,438,655
Carrying amount of investments	<u>23,080,683</u>
<b>Total</b>	<b>\$ <u>48,529,141</u></b>
Cash and pooled cash investments	\$ 47,711,246
Cash and pooled cash investments – temporarily restricted	795,504
Cash and pooled cash investments – permanently restricted	<u>22,391</u>
<b>Total</b>	<b>\$ <u>48,529,141</u></b>

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	<u>9,341,981</u>
<b>Total</b>	<b>\$ <u>9,342,431</u></b>
Cash and pooled cash investments	\$ 5,926,904
Cash and pooled cash investments – temporarily restricted	<u>3,415,527</u>
<b>Total</b>	<b>\$ <u>9,342,431</u></b>

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2004, 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 (\$552,482), the debt service fund (\$73,313), and the transit system fund (\$102,365) for deficit pooled cash balances. Advances to/from other fund balance of \$414,146 represent amounts due to the general fund from the water utility fund for a construction loan.

Interfund transfers for the year ended June 30, 2004, consisted of the following:

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	Transfer from			
	General	Employee Benefits	Nonmajor Governmental Funds	Stormwater Utility
Transfer to				
General	\$ -	\$ 2,434,974	\$ 1,005,693	\$ 22,449
Employee benefits	-	-	100,000	-
Community development	-	-	25,000	-
Nonmajor governmental	1,652,164	-	3,418,120	-
Sewage disposal works	-	-	-	-
Water utility	-	-	-	-
Stormwater utility	879,882	-	1,281,105	-
Parking facilities	55,299	-	-	-
America's River Project	2,325,358	-	1,019,535	-
Nonmajor enterprise	793,119	-	70,420	-
	<u>\$ 5,705,822</u>	<u>\$ 2,434,974</u>	<u>\$ 6,919,873</u>	<u>\$ 22,449</u>

	Transfer from			
	Parking Facilities	America's River Project	Internal Service Funds	Total
Transfer to				
General	\$ -	\$ -	\$ 3,900	\$ 3,467,016
Employee benefits	-	-	-	100,000
Community development	-	-	-	25,000
Nonmajor governmental	-	-	-	5,070,284
Sewage disposal works	-	375,475	-	375,475
Water utility	-	354,299	-	354,299
Stormwater utility	-	-	-	2,160,987
Parking facilities	-	-	-	55,299
America's River Project	16,001	-	-	3,360,894
Nonmajor enterprise	-	-	-	863,539
	<u>\$ 16,001</u>	<u>\$ 729,774</u>	<u>\$ 3,900</u>	<u>15,832,793</u>

Transfer to general capital assets from America's River Project 34,410,309  
\$ 50,243,102

**CITY OF DUBUQUE, IOWA**  
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In the fund financial statements, total transfers out of \$50,243,102 are greater than total transfers in of \$15,832,793 because of the treatment of transfers of capital assets to the general capital assets. During the year capital assets related to America's River Project, with a book value of \$34,410,309 were transferred to general capital assets. No amounts were reported in the governmental funds as the amounts did not involve the transfer of financial resources. However, the 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.

In the year ended June 30, 2004, 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.

In the year ended June 30, 2004, the City established a Stormwater Utility Fund, an enterprise fund. The assets of the Storm Sewer Construction Fund, a capital projects fund, were transferred to the new fund effective July 1, 2003.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2004, was as follows:

**Primary Government:**

	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:						
Land	\$ 48,575,051	\$ 682,275	\$ (530,099)	\$ 2,997,268	\$ (134,000)	\$ 51,590,495
Construction in progress	<u>16,345,692</u>	<u>-</u>	<u>(851,651)</u>	<u>18,078,941</u>	<u>(28,514,320)</u>	<u>5,058,662</u>
Total capital assets, not being depreciated	<u>64,920,743</u>	<u>682,275</u>	<u>(1,381,750)</u>	<u>21,076,209</u>	<u>(28,648,320)</u>	<u>56,649,157</u>
Capital assets, being depreciated:						
Buildings	37,989,032	28,702,846	-	206,261	-	66,898,139
Improvements other than buildings	8,829,528	732,932	-	110,925	-	9,673,385
Machinery and equipment	18,758,691	601,856	-	1,914,900	(548,806)	20,726,641
Infrastructure	<u>167,507,440</u>	<u>3,690,400</u>	<u>(22,085,590)</u>	<u>13,279,689</u>	<u>(346,026)</u>	<u>162,045,913</u>
Total capital assets, being depreciated	<u>233,084,691</u>	<u>33,728,034</u>	<u>(22,085,590)</u>	<u>15,511,775</u>	<u>(894,832)</u>	<u>259,344,078</u>

**CITY OF DUBUQUE, IOWA**  
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	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:						
Buildings	\$ (16,109,807)	\$ -	\$ -	\$ (711,653)	\$ -	\$ (16,821,460)
Improvements other than buildings	(4,451,237)	-	-	(291,948)	-	(4,743,185)
Machinery and equipment	(7,953,797)	-	-	(1,494,001)	514,179	(8,933,619)
Infrastructure	(38,979,442)	-	6,415,546	(2,404,737)	291,540	(34,677,093)
Total accumulated depreciation	(67,494,283)	-	6,415,546	(4,902,339)	805,719	(65,175,357)
Total capital assets, being depreciated, net	165,590,408	33,728,034	(15,670,044)	10,609,436	(89,113)	194,168,721
Governmental activities capital assets, net	\$ 230,511,151	\$ 34,410,309	\$ (17,051,794)	\$ 31,685,645	\$ (28,737,433)	\$ 250,817,878

**Business-type activities:**

	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:						
Land	\$ 1,584,577	\$ 530,099	\$ -	\$ 46,934	\$ -	\$ 2,161,610
Construction in progress	32,215,865	-	(34,410,309)	15,204,943	(5,665,853)	7,344,646
Total capital assets, not being depreciated	33,800,442	530,099	(34,410,309)	15,251,877	(5,665,853)	9,506,256
Capital assets, being depreciated:						
Buildings	59,619,713	-	-	156,093	-	59,775,806
Improvements other than buildings	25,742,378	22,767,258	-	1,289,014	(27,825)	49,770,825
Machinery and equipment	40,303,626	169,983	-	4,090,174	(492,412)	44,071,371
Total capital assets, being depreciated	125,665,717	22,937,241	-	5,535,281	(520,237)	153,618,002
Less accumulated depreciation for:						
Buildings	(33,156,175)	-	-	(974,255)	-	(34,130,430)
Improvements other than buildings	(5,915,994)	-	-	(609,792)	-	(6,525,786)
Machinery and equipment	(15,918,659)	-	-	(1,338,809)	478,396	(16,779,072)
Infrastructure	-	(6,415,546)	-	(297,876)	27,826	(6,685,596)
Total accumulated depreciation	(54,990,828)	(6,415,546)	-	(3,220,732)	506,222	(64,120,884)
Total capital assets, being depreciated, net	70,674,889	16,521,695	-	2,314,549	(14,015)	89,497,118
Business-type activities capital assets, net	\$ 104,475,331	\$ 17,041,794	\$ (34,410,309)	\$ 17,566,426	\$ (5,679,868)	\$ 99,003,374

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**CITY OF DUBUQUE, IOWA**  
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Depreciation expense was charged to functions/programs for the primary government as follows:

Governmental activities:	
Public safety	\$ 485,504
Public works	3,141,713
Health and social services	5,607
Culture and recreation	1,105,948
Community and economic development	24,781
General government	<u>138,786</u>
Total depreciation expense – governmental activities	<u>\$ 4,902,339</u>
Business-type activities:	
Sewage disposal works	\$ 1,087,054
Water utility	840,324
Stormwater utility	297,876
Parking facilities	462,318
Refuse collection	188,473
Transit system	<u>344,687</u>
Total depreciation expense – business-type activities	<u>\$ 3,220,732</u>

**Component Unit:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Dubuque Metropolitan Area Solid Waste Agency:</b>				
Capital assets, not being depreciated:				
Land	\$ 552,528	\$ -	\$ -	\$ 552,528
Construction in progress	-	<u>1,071,772</u>	-	<u>1,071,772</u>
Total capital assets, not being depreciated	<u>552,528</u>	<u>1,071,772</u>	-	<u>1,624,300</u>
Capital assets, being depreciated:				
Buildings	44,349	-	-	44,349
Improvements other than buildings	5,893,766	-	-	5,893,766
Machinery and equipment	<u>1,827,636</u>	<u>558,149</u>	<u>(351,634)</u>	<u>2,034,151</u>
Total capital assets, being depreciated	<u>7,765,751</u>	<u>558,149</u>	<u>(351,634)</u>	<u>7,972,266</u>
Less accumulated depreciation for:				
Buildings	(44,349)	-	-	(44,349)
Improvements other than buildings	(3,560,322)	(282,549)	-	(3,842,871)
Machinery and equipment	<u>(1,414,314)</u>	<u>(186,442)</u>	<u>276,548</u>	<u>(1,324,208)</u>
Total accumulated depreciation	<u>(5,018,985)</u>	<u>(468,991)</u>	<u>276,548</u>	<u>(5,211,428)</u>
Total capital assets, being depreciated, net	<u>2,746,766</u>	<u>89,158</u>	<u>(75,086)</u>	<u>2,760,838</u>
Dubuque Metropolitan Area Solid Waste Agency capital assets, net	<u>\$ 3,299,294</u>	<u>\$ 1,160,930</u>	<u>\$ (75,086)</u>	<u>\$ 4,385,138</u>

Depreciation expense of \$468,991 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 \$27,480,000. During the year, general obligation bonds totaling \$2,110,000 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, 2004, are as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
Corporate purpose	07/01/95	05/01/96-05/01/05	4.90%	\$ 2,000,000	\$ 250,000
Corporate purpose	06/01/00	06/01/02-06/01/20	5.80-5.88	2,750,000	2,470,000
Corporate purpose	11/01/00	06/01/02-06/01/20	5.13-5.25	6,265,000	5,620,000
Corporate purpose	12/27/01	06/01/05-06/01/21	4.00-4.90	9,500,000	9,500,000
Corporate purpose	01/09/02	06/01/04-06/01/21	4.00-4.95	2,860,000	2,695,000
Corporate purpose	03/26/02	06/01/03-06/01/21	3.75-5.00	1,000,000	945,000
Corporate purpose and refunding	12/03/02	06/01/03-06/01/17	3.00-4.30	3,105,000	2,185,000
Corporate purpose	10/15/03	06/01/04-06/01/23	3.20-4.75	<u>2,110,000</u>	<u>2,005,000</u>
				<u>\$ 29,590,000</u>	<u>\$ 25,670,000</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,315,000	\$ 890,361	\$ 320,000	\$ 303,719
2006	590,000	832,911	330,000	291,159
2007	830,000	806,598	345,000	278,159
2008	875,000	770,530	355,000	264,429
2009	945,000	732,436	365,000	249,874
2010-2014	5,360,000	2,986,895	2,050,000	1,001,384
2015-2019	6,525,000	1,625,431	2,115,000	492,484
2020-2023	<u>2,570,000</u>	<u>179,693</u>	<u>780,000</u>	<u>79,727</u>
Total	<u>\$ 19,010,000</u>	<u>\$ 8,824,855</u>	<u>\$ 6,660,000</u>	<u>\$ 2,960,935</u>



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**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 \$4,428,538. During the year, tax increment financing bonds totaling \$140,000 were issued to provide funds for the Vessel Systems Urban Renewal Project. Tax increment financing bonds outstanding at June 30, 2004, are as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
Advanced Data-Comm	03/18/99	12/31/01-06/30/11	6.0%	\$ 900,000	\$ 669,984
Categraph Systems	12/01/99	12/31/01-12/31/10	8.8	360,000	271,850
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1	3,168,538	2,738,560
Vessel Systems	12/30/03	12/30/05-06/30/15	8.0	140,000	140,000
				<u>\$ 4,568,538</u>	<u>\$ 3,820,394</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 369,501	\$ 317,071
2006	410,506	285,474
2007	445,439	250,541
2008	483,392	212,588
2009	524,710	171,270
2010-2014	1,567,430	248,224
2015	19,416	1,175
Total	<u>\$ 3,820,394</u>	<u>\$ 1,486,343</u>

**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, 2004, are as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
Parking facilities	03/01/98	05/01/98-05/01/10	4.50-4.75%	\$ 2,515,000	\$ 1,350,000

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-Type Activities	
	Principal	Interest
2005	\$ 200,000	\$ 62,525
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	<u>\$ 1,350,000</u>	<u>\$ 228,900</u>

**Notes Payable.** Notes payable have been issued to provide funds for economic development and for the purchase of fixed assets. Notes payable at June 30, 2004, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Fiber optic line	02/25/02	07/01/04	None	\$ 40,000	\$ 40,000
Economic development	02/13/04	06/01/05-06/01/15	4.07%	500,000	500,000
Economic development	06/30/04	12/30/05-06/30/15	8.00	155,000	155,000
				<u>\$ 695,000</u>	<u>\$ 695,000</u>

Debt service requirements to maturity for notes payable are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2005	\$ 85,455	\$ 33,016
2006	45,455	32,182
2007	57,891	30,914
2008	58,905	28,049
2009	60,003	25,102
2010-2014	319,882	74,191
2015	67,409	4,331
Total	<u>\$ 695,000</u>	<u>\$ 227,785</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**Changes in Long-term Liabilities.** Long-term liability activity for the year ended June 30, 2004, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 19,865,000	\$ -	\$ (855,000)	\$ 19,010,000	\$ 1,315,000
Tax increment financing bonds	4,021,002	140,000	(340,608)	3,820,394	369,501
Notes payable	962,167	655,000	(922,167)	695,000	85,455
Compensated absences	<u>2,248,606</u>	<u>2,313,603</u>	<u>(2,248,606)</u>	<u>2,313,603</u>	<u>2,313,603</u>
	<u>\$ 27,096,775</u>	<u>\$ 3,108,603</u>	<u>\$ (4,366,381)</u>	<u>\$ 25,838,997</u>	<u>\$ 4,083,559</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 5,140,000	\$ 2,110,000	\$ (590,000)	\$ 6,660,000	\$ 320,000
Less: Unamortized discounts	<u>(24,486)</u>	<u>(14,770)</u>	<u>2,006</u>	<u>(37,250)</u>	<u>-</u>
Total general obligation bonds	<u>5,115,514</u>	<u>2,095,230</u>	<u>(587,994)</u>	<u>6,622,750</u>	<u>320,000</u>
Revenue bonds	1,540,000	-	(190,000)	1,350,000	200,000
Less: Deferred amounts on refunding	<u>(18,666)</u>	<u>-</u>	<u>2,666</u>	<u>(16,000)</u>	<u>-</u>
Total revenue bonds	<u>1,521,334</u>	<u>-</u>	<u>(187,334)</u>	<u>1,334,000</u>	<u>200,000</u>
Notes payable	283,188	-	(283,188)	-	-
Compensated absences	<u>274,850</u>	<u>292,266</u>	<u>(274,850)</u>	<u>292,266</u>	<u>292,266</u>
	<u>\$ 7,194,886</u>	<u>\$ 2,387,496</u>	<u>\$ (1,333,366)</u>	<u>\$ 8,249,016</u>	<u>\$ 812,266</u>

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 \$80,000, and an aggregate stop loss of approximately \$6,380,000 for 2004. 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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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 \$400,000, and an aggregate stop loss consistent with statutory limits for 2004. 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 \$708,254 in the Health Insurance Reserve Fund and \$308,320 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, 2003 and 2004, are summarized as follows:

	<u>Health Insurance Reserve Fund</u>	<u>Workers' Compensation Reserve Fund</u>
Liabilities at June 30, 2002	\$ 608,502	\$ 325,751
Claims and changes in estimates during fiscal year 2003	4,336,860	297,067
Claim payments	<u>(4,187,418)</u>	<u>(341,690)</u>
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	<u>(4,636,770)</u>	<u>(273,962)</u>
Liabilities at June 30, 2004	<u>\$ 708,254</u>	<u>\$ 308,320</u>

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 490 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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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, 2004, were \$452,981.

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. All property risks are also 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, 2004, 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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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, 2004.

**Litigation**

The City's corporation counsel reported that as of June 30, 2004, 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, 2004. The City has additional commitments for signed construction contracts of approximately \$4,301,358 as of June 30, 2004. 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, 2004, 58 retirees were eligible for these benefits, and the cost of the benefits for the fiscal year ended June 30, 2004, totaled \$110,471.

**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 104<sup>th</sup> Street, Des Moines, Iowa, 50322.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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Plan members are required to contribute 9.35% of earnable compensation. The City was required to contribute 20.48% of earnable compensation in 2004 and 17% of earnable compensation in 2003 and 2002. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2004, 2003, and 2002, were \$1,782,373, \$1,425,337, and \$1,338,824, 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, 2004, 2003, and 2002, were \$950,155, \$918,374, and \$834,972, 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, 2004, there were three series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$7,270,000.

**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 \$1,978,164 reported as landfill closure and postclosure care liability at June 30, 2004, represents the cumulative amount reported to date based on the use of 95 percent of the estimated capacity of cells 3 and 4 and the use of 65 percent of the estimated capacity of cells 5 and 6. The Agency will recognize the remaining estimated cost of closure and postclosure care of \$770,793 as the remaining capacity is filled.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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These amounts are based on what it would cost to perform all closure and postclosure care in 2004. The Agency expects to close cells 3 and 4 in 2005 and to close the current generation of permitted cells in 2012. The Agency is making plans to construct a second and third 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, 2004, funds have been restricted for closure and postclosure costs in the amount of \$3,050,486, 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, 2004, the City has received \$19 million of the grant proceeds.

**NOTE 14 – RESTATEMENT OF BEGINNING BALANCES**

The restatement of the General Fund Balance and the Governmental Activities Net Assets was due to the inadvertent exclusion of dog track rent accounts receivable balances in prior years.

	<u>General</u>	<u>Governmental Activities</u>
Fund balance/net assets June 30, 2003, as previously reported	\$ 16,792,510	\$ 253,602,171
Adjustment		
Effect of additional of accounts receivable	<u>338,412</u>	<u>338,412</u>
Fund balance/net assets June 30, 2003, as restated	<u>\$ 17,130,922</u>	<u>\$ 253,940,583</u>

**NOTE 15 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS**

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

Statement No. 40, *Deposit and Investment Risk Disclosures* issued March 2003, will be effective for the City for the fiscal year ending June 30, 2005. This statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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.

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 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 18,656,563	\$ 18,413,217	\$ 18,772,130	\$ 358,913
Licenses and permits	934,862	1,079,324	1,065,489	(13,835)
Intergovernmental	3,980,672	7,609,911	3,836,661	(3,773,250)
Charges for services	4,820,999	5,665,737	5,528,878	(136,859)
Fines and forfeits	273,000	313,400	238,757	(74,643)
Investment earnings	2,213,269	826,914	626,761	(200,153)
Contributions	453,792	777,397	210,130	(567,267)
Gaming	9,989,958	10,744,839	11,247,901	503,062
Miscellaneous	1,950,813	408,686	436,090	27,404
<b>Total Revenues</b>	<u>43,273,928</u>	<u>45,839,425</u>	<u>41,962,797</u>	<u>(3,876,628)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	16,992,173	17,781,900	16,648,878	1,133,022
Public works	8,191,974	14,632,303	7,157,056	7,475,247
Health and social services	1,294,610	799,509	572,202	227,307
Culture and recreation	7,688,689	9,040,940	7,342,862	1,698,078
Community and economic development	4,595,261	10,176,421	6,045,376	4,131,045
General government	4,674,303	4,719,855	4,372,076	347,779
Debt service	55,717	55,717	55,693	24
<b>Total Expenditures</b>	<u>43,492,727</u>	<u>57,206,645</u>	<u>42,194,143</u>	<u>15,012,502</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(218,799)</u>	<u>(11,367,220)</u>	<u>(231,346)</u>	<u>11,135,874</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	-	500,000	500,000	-
Transfers in	5,352,742	5,865,215	4,236,104	(1,629,111)
Transfers out	(5,405,034)	(8,789,680)	(5,650,523)	3,139,157
Sale of capital assets	-	641,900	674,964	33,064
<b>Total Other Financing Sources (Uses)</b>	<u>(52,292)</u>	<u>(1,782,565)</u>	<u>(239,455)</u>	<u>1,543,110</u>
<b>NET CHANGE IN FUND BALANCES</b>	(271,091)	(13,149,785)	(470,801)	12,678,984
<b>FUND BALANCES, BEGINNING, AS RESTATED</b>	<u>15,559,097</u>	<u>15,559,097</u>	<u>15,559,097</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 15,288,006</u>	<u>\$ 2,409,312</u>	<u>\$ 15,088,296</u>	<u>\$ 12,678,984</u>

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS**  
**EMPLOYEE BENEFITS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,379,236	\$ 2,379,236	\$ 2,336,249	\$ (42,987)
Miscellaneous	-	-	3	3
Total Revenues	<u>2,379,236</u>	<u>2,379,236</u>	<u>2,336,252</u>	<u>(42,984)</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	987	(987)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>				
	<u>2,379,236</u>	<u>2,379,236</u>	<u>2,335,265</u>	<u>(43,971)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	100,000	100,000	-
Transfers out	(2,539,236)	(2,539,236)	(2,434,974)	104,262
Total Other Financing Sources (Uses)	<u>(2,439,236)</u>	<u>(2,439,236)</u>	<u>(2,334,974)</u>	<u>104,262</u>
<b>NET CHANGE IN FUND BALANCES</b>	(60,000)	(60,000)	291	60,291
<b>FUND BALANCES, BEGINNING</b>	<u>89,384</u>	<u>89,384</u>	<u>89,384</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 29,384</u>	<u>\$ 29,384</u>	<u>\$ 89,675</u>	<u>\$ 60,291</u>

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – BUDGETARY BASIS**  
**COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 1,719,135	\$ 3,849,700	\$ 1,392,166	\$ (2,457,534)
Charges for services	10,133	10,133	-	(10,133)
Investment earnings	105,449	105,149	117,901	12,752
Contributions	86,006	86,006	5,000	(81,006)
Miscellaneous	701,614	718,479	783,938	65,459
Total Revenues	<u>2,622,337</u>	<u>4,769,467</u>	<u>2,299,005</u>	<u>(2,470,462)</u>
<b>EXPENDITURES</b>				
Current				
Public works	115,125	409,340	72,686	336,654
Health and social services	125,265	137,333	126,026	11,307
Culture and recreation	162,055	129,947	112,891	17,056
Community and economic development	1,979,693	4,359,503	1,944,118	2,415,385
General government	94,754	140,424	111,272	29,152
Total Expenditures	<u>2,476,892</u>	<u>5,176,547</u>	<u>2,366,993</u>	<u>2,809,554</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>145,445</u>	<u>(407,080)</u>	<u>(67,988)</u>	<u>339,092</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	47,463	47,463	47,463	-
Transfers out	(33,427)	(432,957)	(33,157)	399,800
Total Other Financing Sources (Uses)	<u>14,036</u>	<u>(385,494)</u>	<u>14,306</u>	<u>399,800</u>
NET CHANGE IN FUND BALANCES	159,481	(792,574)	(53,682)	738,892
FUND BALANCES, BEGINNING	<u>1,777,282</u>	<u>1,777,282</u>	<u>1,777,282</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,936,763</u>	<u>\$ 984,708</u>	<u>\$ 1,723,600</u>	<u>\$ 738,892</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY REPORTING**  
**FOR THE YEAR ENDED JUNE 30, 2004**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis of accounting with an adjustment for accrued payroll following required public notice and hearing. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. Legal budgetary compliance for the City as a whole is demonstrated in Note 2 to the financial statements.

The following are reconciliations of the budget basis to the modified accrual basis of accounting:

	General Fund		
	Budgetary Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 41,962,797	\$ (69,196)	\$ 41,893,601
Expenditures	42,194,143	(1,742,923)	40,451,220
Excess (deficiency) of revenues over (under) expenditures	(231,346)	1,673,727	1,442,381
Other financing sources (uses)	(239,455)	(1,415,450)	(1,654,905)
Net	(470,801)	258,277	(212,524)
Fund balance, beginning, as restated	15,559,097	1,571,825	17,130,992
Fund balance, ending	<u>\$ 15,088,296</u>	<u>\$ 1,830,102</u>	<u>\$ 16,918,398</u>
	Employee Benefits Fund		
	Budgetary Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 2,336,252	\$ 16,610	\$ 2,352,862
Expenditures	987	(108)	879
Excess of revenues over expenditures	2,335,265	16,718	2,351,983
Other financing sources (uses)	(2,334,974)	-	(2,334,974)
Net	291	16,718	17,009
Fund balance, beginning	89,384	13,146	102,530
Fund balance, ending	<u>\$ 89,675</u>	<u>\$ 29,864</u>	<u>\$ 119,539</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY REPORTING**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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	<u>Community Development Fund</u>		
	<u>Budgetary</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 2,299,005	\$ (887,025)	\$ 1,411,980
Expenditures	<u>2,366,993</u>	<u>(200,138)</u>	<u>2,166,855</u>
Deficiency of revenues under expenditures	(67,988)	(686,887)	(754,875)
Other financing sources (uses)	<u>14,306</u>	<u>10,694</u>	<u>25,000</u>
Net	(53,682)	(676,193)	(729,875)
Fund balance, beginning	<u>1,777,282</u>	<u>11,946,839</u>	<u>13,724,121</u>
Fund balance, ending	<u>\$ 1,723,600</u>	<u>\$ 11,270,646</u>	<u>\$ 12,994,246</u>

# 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.

**Police and Fire Retirement Fund** - This fund is used to account for the balance of actuarially-determined excess pension funds as calculated when local retirement systems were terminated and combined into a statewide retirement system. The excess funds may be used to help fund the City's portion of contributions to the statewide police and fire retirement system.

**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.

**Storm Sewer Construction Fund** - This fund is used to account for the resources and costs related to storm sewer capital improvements.

**Dog Track Depreciation Fund** - This fund is used to account for the resources and costs related to capital improvements and maintenance at the greyhound racing facility.

**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, 2004**

	Road Use Tax	Section VIII Housing	Tort Liability
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 5,951,958	\$ 597,885	\$ 18,457
Receivables			
Property tax			
Delinquent	-	-	3,966
Succeeding year	-	-	340,971
Accounts and other	-	-	-
Special assessments	-	-	-
Accrued interest	-	-	-
Notes	-	7,049	-
Intergovernmental	382,260	71,777	-
Restricted cash and pooled cash investments	-	-	-
Total Assets	<u>\$ 6,334,218</u>	<u>\$ 676,711</u>	<u>\$ 363,394</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 64,805	\$ 22,599	\$ -
Accrued payroll	34,394	9,038	-
Intergovernmental payable	-	202,500	-
Due to other funds	-	-	-
Deferred revenue			
Succeeding year property tax	-	-	340,971
Other	-	-	535
Total Liabilities	<u>99,199</u>	<u>234,137</u>	<u>341,506</u>
<b>FUND BALANCES</b>			
Reserved for/by			
Encumbrances	120,575	6,720	-
Long-term notes receivable	-	5,649	-
Bond ordinance	-	-	-
Dog track	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated, reported in			
Special revenue funds	6,114,444	430,205	21,888
Debt service fund	-	-	-
Capital projects funds	-	-	-
Permanent funds	-	-	-
Total Fund Balances	<u>6,235,019</u>	<u>442,574</u>	<u>21,888</u>
Total Liabilities and Fund Balances	<u>\$ 6,334,218</u>	<u>\$ 676,711</u>	<u>\$ 363,394</u>

Special Revenue					
Police and Fire Retirement	Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
\$ 8,760	\$ 519,787	\$ -	\$ 1,154,000	\$ 161,384	\$ -
-	-	-	-	-	3,872
-	-	-	-	-	222,330
-	-	-	6,239	-	-
-	515,534	-	-	-	-
-	9,020	731	4,707	803	1,920
-	-	-	-	-	-
-	-	-	-	-	-
-	-	150,526	19,327	-	-
<u>\$ 8,760</u>	<u>\$ 1,044,341</u>	<u>\$ 151,257</u>	<u>\$ 1,184,273</u>	<u>\$ 162,187</u>	<u>\$ 228,122</u>
\$ -	\$ -	\$ 3,283	\$ 10,771	\$ 218	\$ 525
-	-	-	4,085	-	-
-	-	-	-	-	-
-	-	552,482	-	-	73,313
-	-	-	-	-	222,330
-	476,409	-	503,939	-	523
<u>-</u>	<u>476,409</u>	<u>555,765</u>	<u>518,795</u>	<u>218</u>	<u>296,691</u>
-	-	-	120,873	-	-
-	-	-	-	-	-
-	-	150,526	-	-	-
-	-	-	-	-	-
-	-	-	19,327	-	-
-	-	-	-	-	-
8,760	567,932	(555,034)	525,278	161,969	-
-	-	-	-	-	(68,569)
-	-	-	-	-	-
<u>8,760</u>	<u>567,932</u>	<u>(404,508)</u>	<u>665,478</u>	<u>161,969</u>	<u>(68,569)</u>
<u>\$ 8,760</u>	<u>\$ 1,044,341</u>	<u>\$ 151,257</u>	<u>\$ 1,184,273</u>	<u>\$ 162,187</u>	<u>\$ 228,122</u>

(continued)

**CITY OF DUBUQUE, IOWA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	Capital Projects		
	Street Construction	Dog Track Depreciation	General Construction
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 3,835,233	\$ 1,169,932	\$ 2,754,407
Receivables			
Property tax			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts and other	-	-	-
Special assessments	-	-	-
Accrued interest	11,883	5,974	1,610
Notes	-	-	-
Intergovernmental	338,613	-	-
Restricted cash and pooled cash investments	-	-	-
Total Assets	<u>\$ 4,185,729</u>	<u>\$ 1,175,906</u>	<u>\$ 2,756,017</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 64,568	\$ -	\$ 3,451
Accrued payroll	-	-	-
Intergovernmental payable	-	-	-
Due to other funds	-	-	-
Deferred revenue			
Succeeding year property tax	-	-	-
Other	-	-	-
Total Liabilities	<u>64,568</u>	<u>-</u>	<u>3,451</u>
<b>FUND BALANCES</b>			
Reserved for/by			
Encumbrances	1,594,545	-	50,319
Long-term notes receivable	-	-	-
Bond ordinance	-	-	-
Dog track	-	1,175,906	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated, reported in			
Special revenue funds	-	-	-
Debt service fund	-	-	-
Capital projects funds	2,526,616	-	2,702,247
Permanent funds	-	-	-
Total Fund Balances	<u>4,121,161</u>	<u>1,175,906</u>	<u>2,752,566</u>
Total Liabilities and Fund Balances	<u>\$ 4,185,729</u>	<u>\$ 1,175,906</u>	<u>\$ 2,756,017</u>

**EXHIBIT A-1**  
**(continued)**

Airport Construction	Sales Tax Construction	Permanent Funds		Total Nonmajor Governmental Funds
		Ella Lyons Peony Trail Trust	Library Gifts Trust	
\$ 46,273	\$ 2,110,152	\$ -	\$ -	\$ 18,328,228
-	-	-	-	7,838
-	-	-	-	563,301
-	-	-	-	6,239
-	-	-	-	515,534
-	10,597	-	97	47,342
-	-	-	-	7,049
43,932	225,742	-	-	1,062,324
-	-	75,226	18,811	263,890
<u>\$ 90,205</u>	<u>\$ 2,346,491</u>	<u>\$ 75,226</u>	<u>\$ 18,908</u>	<u>\$ 20,801,745</u>
\$ 7,403	\$ 9,189	\$ -	\$ -	\$ 186,812
-	-	-	-	47,517
-	-	-	-	202,500
-	-	-	-	625,795
-	-	-	-	563,301
-	-	-	-	981,406
<u>7,403</u>	<u>9,189</u>	<u>-</u>	<u>-</u>	<u>2,607,331</u>
262,094	33,280	-	370	2,188,776
-	-	-	-	5,649
-	-	-	-	150,526
-	-	-	-	1,175,906
-	-	-	-	19,327
-	-	10,391	12,000	22,391
-	-	-	-	7,275,442
-	-	-	-	(68,569)
(179,292)	2,304,022	-	-	7,353,593
-	-	64,835	6,538	71,373
<u>82,802</u>	<u>2,337,302</u>	<u>75,226</u>	<u>18,908</u>	<u>18,194,414</u>
<u>\$ 90,205</u>	<u>\$ 2,346,491</u>	<u>\$ 75,226</u>	<u>\$ 18,908</u>	<u>\$ 20,801,745</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Road Use Tax	Section VIII Housing	Tort Liability
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 269,745
Special assessments	-	-	-
Intergovernmental	4,835,348	4,436,501	-
Charges for services	-	-	-
Investment earnings	-	833	-
Contributions	-	-	-
Gaming	-	-	-
Miscellaneous	-	32,024	-
Total Revenues	<u>4,835,348</u>	<u>4,469,358</u>	<u>269,745</u>
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	3,633,241	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	4,512,675	-
General government	9,089	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total Expenditures	<u>3,642,330</u>	<u>4,512,675</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,193,018</u>	<u>(43,317)</u>	<u>269,745</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of bonds	-	-	-
Transfers in	-	-	-
Transfers out	(1,253,300)	(820)	(267,755)
Sale of capital assets	-	-	-
Total Other Financing Sources (Uses)	<u>(1,253,300)</u>	<u>(820)</u>	<u>(267,755)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(60,282)	(44,137)	1,990
<b>FUND BALANCES, BEGINNING</b>	<u>6,295,301</u>	<u>486,711</u>	<u>19,898</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 6,235,019</u>	<u>\$ 442,574</u>	<u>\$ 21,888</u>

Special Revenue					
Police and Fire Retirement	Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
\$ -	\$ -	\$ 2,495,079	\$ -	\$ -	\$ 278,294
-	717,305	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	77,154	3,948	16,085	3,949	-
-	-	-	-	130,284	-
-	-	-	-	-	-
-	-	-	528,345	-	-
-	794,459	2,499,027	544,430	134,233	278,294
-	-	-	61,454	-	-
-	-	-	-	-	-
-	-	-	23,213	-	-
-	-	-	-	41,306	-
-	-	483,524	-	-	-
-	-	-	495,078	-	8,089
-	-	2,186,167	-	-	1,180,714
-	-	-	-	-	-
-	-	2,669,691	579,745	41,306	1,188,803
-	794,459	(170,664)	(35,315)	92,927	(910,509)
-	-	155,000	-	-	-
-	62,752	-	-	-	758,107
(100,000)	(2,022,639)	(397,495)	(205,765)	-	-
-	-	-	-	-	-
(100,000)	(1,959,887)	(242,495)	(205,765)	-	758,107
(100,000)	(1,165,428)	(413,159)	(241,080)	92,927	(152,402)
108,760	1,733,360	8,651	906,558	69,042	83,833
\$ 8,760	\$ 567,932	\$ (404,508)	\$ 665,478	\$ 161,969	\$ (68,569)

(continued)

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Capital		
	Street Construction	Storm Sewer Construction	Dog Track Depreciation
<b>REVENUES</b>			
Taxes	\$ 2,131,554	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental	1,945,572	-	-
Charges for services	-	-	-
Investment earnings	3,821	-	16,815
Contributions	-	-	-
Gaming	-	-	110,000
Miscellaneous	102,278	-	-
<b>Total Revenues</b>	<u>4,183,225</u>	<u>-</u>	<u>126,815</u>
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Public works	-	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	-
General government	-	-	-
Debt service	-	-	-
Capital projects	5,372,944	-	-
<b>Total Expenditures</b>	<u>5,372,944</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,189,719)</u>	<u>-</u>	<u>126,815</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of bonds	-	-	-
Transfers in	4,239,258	-	-
Transfers out	(62,752)	(1,021,641)	-
Sale of capital assets	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>4,176,506</u>	<u>(1,021,641)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,986,787	(1,021,641)	126,815
<b>FUND BALANCES, BEGINNING</b>	<u>1,134,374</u>	<u>1,021,641</u>	<u>1,049,091</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 4,121,161</u>	<u>\$ -</u>	<u>\$ 1,175,906</u>



**EXHIBIT A-2  
(continued)**

Projects			Permanent Funds		Total
General Construction	Airport Construction	Sales Tax Construction	Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,421,037	\$ -	\$ -	\$ 6,595,709
-	-	-	-	-	717,305
-	747,192	-	-	-	11,964,613
-	149,730	-	-	-	149,730
35,935	982	31,830	2,162	(539)	192,975
-	-	-	-	-	130,284
15,000	-	-	-	-	125,000
8,400	18,829	2,023	-	-	691,899
<u>59,335</u>	<u>916,733</u>	<u>1,454,890</u>	<u>2,162</u>	<u>(539)</u>	<u>20,567,515</u>
-	-	-	-	-	61,454
-	-	-	-	-	3,633,241
-	-	-	-	-	23,213
-	-	-	624	-	41,930
-	-	-	-	-	4,996,199
-	-	-	-	-	512,256
-	-	-	-	-	3,366,881
297,673	825,078	369,424	-	-	6,865,119
<u>297,673</u>	<u>825,078</u>	<u>369,424</u>	<u>624</u>	<u>-</u>	<u>19,500,293</u>
<u>(238,338)</u>	<u>91,655</u>	<u>1,085,466</u>	<u>1,538</u>	<u>(539)</u>	<u>1,067,222</u>
140,000	-	-	-	-	295,000
8,787	1,380	-	-	-	5,070,284
(1,094,786)	-	(492,920)	-	-	(6,919,873)
180,443	-	-	-	-	180,443
<u>(765,556)</u>	<u>1,380</u>	<u>(492,920)</u>	<u>-</u>	<u>-</u>	<u>(1,374,146)</u>
(1,003,894)	93,035	592,546	1,538	(539)	(306,924)
<u>3,756,460</u>	<u>(10,233)</u>	<u>1,744,756</u>	<u>73,688</u>	<u>19,447</u>	<u>18,501,338</u>
<u>\$ 2,752,566</u>	<u>\$ 82,802</u>	<u>\$ 2,337,302</u>	<u>\$ 75,226</u>	<u>\$ 18,908</u>	<u>\$ 18,194,414</u>

# NONMAJOR ENTERPRISE FUNDS

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

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

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

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2004**

**EXHIBIT B-1**

	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total Other Enterprise Funds</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash investments	\$ 563,725	\$ -	\$ 563,725
Receivables			
Accounts	262,533	13,329	275,862
Intergovernmental	-	566,821	566,821
Inventories	-	14,005	14,005
Total Current Assets	<u>826,258</u>	<u>594,155</u>	<u>1,420,413</u>
<b>NONCURRENT ASSETS</b>			
Capital assets			
Land	-	36,000	36,000
Buildings	-	1,893,590	1,893,590
Machinery and equipment	1,582,862	3,711,215	5,294,077
Accumulated depreciation	<u>(1,034,169)</u>	<u>(2,094,337)</u>	<u>(3,128,506)</u>
Net Capital Assets	<u>548,693</u>	<u>3,546,468</u>	<u>4,095,161</u>
Total Assets	<u>1,374,951</u>	<u>4,140,623</u>	<u>5,515,574</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	11,047	43,700	54,747
Accrued payroll	26,586	28,565	55,151
Accrued compensated absences	57,393	24,194	81,587
Due to other funds	-	102,365	102,365
Total Liabilities	<u>95,026</u>	<u>198,824</u>	<u>293,850</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	548,693	3,546,468	4,095,161
Unrestricted	<u>731,232</u>	<u>395,331</u>	<u>1,126,563</u>
Total Net Assets	<u>\$ 1,279,925</u>	<u>\$ 3,941,799</u>	<u>\$ 5,221,724</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**EXHIBIT B-2**

	Refuse Collection	Transit System	Total Other Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 2,157,285	\$ 285,057	\$ 2,442,342
Other	-	34,159	34,159
Total Operating Revenues	<u>2,157,285</u>	<u>319,216</u>	<u>2,476,501</u>
<b>OPERATING EXPENSES</b>			
Employee expense	1,311,528	912,982	2,224,510
Utilities	652	49,796	50,448
Repairs and maintenance	218,660	265,925	484,585
Supplies and services	502,376	633,278	1,135,654
Insurance	16,565	36,395	52,960
Depreciation	188,473	344,687	533,160
Total Operating Expenses	<u>2,238,254</u>	<u>2,243,063</u>	<u>4,481,317</u>
<b>OPERATING LOSS</b>	<u>(80,969)</u>	<u>(1,923,847)</u>	<u>(2,004,816)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	10,617	1,266,659	1,277,276
Investment earnings	-	107	107
Contributions	77	-	77
Loss on disposal of assets	-	(14,015)	(14,015)
Total Nonoperating Revenues (Expenses)	<u>10,694</u>	<u>1,252,751</u>	<u>1,263,445</u>
<b>LOSS BEFORE TRANSFERS</b>	(70,275)	(671,096)	(741,371)
<b>TRANSFERS IN</b>	<u>-</u>	<u>863,539</u>	<u>863,539</u>
<b>CHANGE IN NET ASSETS</b>	(70,275)	192,443	122,168
<b>NET ASSETS, BEGINNING</b>	<u>1,350,200</u>	<u>3,749,356</u>	<u>5,099,556</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 1,279,925</u>	<u>\$ 3,941,799</u>	<u>\$ 5,221,724</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**EXHIBIT B-3**

	Refuse Collection	Transit System	Total Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,089,376	\$ 273,393	\$ 2,362,769
Cash payments to suppliers for goods and services	(739,036)	(977,580)	(1,716,616)
Cash payments to employees for services	(1,299,801)	(892,784)	(2,192,585)
Other operating receipts	-	34,159	34,159
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>50,539</u>	<u>(1,562,812)</u>	<u>(1,512,273)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	863,539	863,539
Proceeds from interfund balances	-	102,365	102,365
Property tax receipts	-	4,124	4,124
Intergovernmental grant proceeds	10,617	706,293	716,910
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>10,617</u>	<u>1,676,321</u>	<u>1,686,938</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(248,765)	(561,925)	(810,690)
Contributions	77	-	77
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(248,688)</u>	<u>(561,925)</u>	<u>(810,613)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	107	107
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(187,532)	(448,309)	(635,841)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>751,257</u>	<u>448,309</u>	<u>1,199,566</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 563,725</u>	<u>\$ -</u>	<u>\$ 563,725</u>

(continued)

**CITY OF DUBUQUE, IOWA  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2004**

**EXHIBIT B-3  
 (continued)**

	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total Other Enterprise Funds</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating loss	\$ (80,969)	\$ (1,923,847)	\$ (2,004,816)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation	188,473	344,687	533,160
Change in assets and liabilities			
Increase in receivables	(67,909)	(11,664)	(79,573)
Increase in inventories	-	(5,134)	(5,134)
Increase (decrease) in accounts payable	(783)	12,948	12,165
Increase in accrued liabilities	<u>11,727</u>	<u>20,198</u>	<u>31,925</u>
Total Adjustments	<u>131,508</u>	<u>361,035</u>	<u>492,543</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 50,539</u>	<u>\$ (1,562,812)</u>	<u>\$ (1,512,273)</u>

# INTERNAL SERVICE FUNDS

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

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

**Garage Service Fund** - This fund is used to account for 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, 2004**

	<u>General Service</u>	<u>Garage Service</u>	<u>Stores/ Printing</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash investments	\$ 9,611	\$ 5,165	\$ 4,435
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	31,215	7,194
Total Current Assets	<u>9,611</u>	<u>36,380</u>	<u>11,629</u>
<b>NONCURRENT ASSETS</b>			
Capital assets			
Machinery and equipment	-	125,239	-
Accumulated depreciation	-	<u>(69,886)</u>	-
Net Capital Assets	<u>-</u>	<u>55,353</u>	<u>-</u>
Total Assets	<u>9,611</u>	<u>91,733</u>	<u>11,629</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	-	13,497	281
Accrued payroll	<u>18,652</u>	<u>15,607</u>	<u>-</u>
Total Liabilities	<u>18,652</u>	<u>29,104</u>	<u>281</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	55,353	-
Unrestricted	<u>(9,041)</u>	<u>7,276</u>	<u>11,348</u>
Total Net Assets (Deficit)	<u>\$ (9,041)</u>	<u>\$ 62,629</u>	<u>\$ 11,348</u>



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<u>Health Insurance Reserve</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 1,248,614	\$ 595,921	\$ 1,863,746
136,274	-	136,274
6,919	3,124	10,043
-	-	38,409
<u>1,391,807</u>	<u>599,045</u>	<u>2,048,472</u>
-	-	125,239
-	-	(69,886)
-	-	55,353
<u>1,391,807</u>	<u>599,045</u>	<u>2,103,825</u>
708,254	308,320	1,030,352
-	-	34,259
<u>708,254</u>	<u>308,320</u>	<u>1,064,611</u>
-	-	55,353
<u>683,553</u>	<u>290,725</u>	<u>983,861</u>
<u>\$ 683,553</u>	<u>\$ 290,725</u>	<u>\$ 1,039,214</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	General Service	Garage Service	Stores/ Printing
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 1,036,112	\$ 1,007,573	\$ 23,502
Other	-	2,725	-
Total Operating Revenues	<u>1,036,112</u>	<u>1,010,298</u>	<u>23,502</u>
<b>OPERATING EXPENSES</b>			
Employee expense	1,034,034	614,416	-
Utilities	-	17,178	-
Repairs and maintenance	-	10,357	-
Supplies and services	-	357,048	27,788
Insurance	2,138	9,548	-
Depreciation	-	9,067	-
Total Operating Expenses	<u>1,036,172</u>	<u>1,017,614</u>	<u>27,788</u>
OPERATING INCOME (LOSS)	<u>(60)</u>	<u>(7,316)</u>	<u>(4,286)</u>
<b>NONOPERATING REVENUES</b>			
Investment earnings	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(60)	(7,316)	(4,286)
TRANSFERS OUT	-	(3,900)	-
CHANGE IN NET ASSETS	(60)	(11,216)	(4,286)
NET ASSETS (DEFICIT), BEGINNING	<u>(8,981)</u>	<u>73,845</u>	<u>15,634</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ (9,041)</u>	<u>\$ 62,629</u>	<u>\$ 11,348</u>

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Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 5,270,611	\$ 118,946	\$ 7,456,744
384,034	1,198	387,957
<u>5,654,645</u>	<u>120,144</u>	<u>7,844,701</u>
-	-	1,648,450
-	-	17,178
-	-	10,357
4,731,747	324,996	5,441,579
373,487	26,532	411,705
-	-	9,067
<u>5,105,234</u>	<u>351,528</u>	<u>7,538,336</u>
<u>549,411</u>	<u>(231,384)</u>	<u>306,365</u>
<u>25,165</u>	<u>5,431</u>	<u>30,596</u>
574,576	(225,953)	336,961
-	-	(3,900)
574,576	(225,953)	333,061
<u>108,977</u>	<u>516,678</u>	<u>706,153</u>
<u>\$ 683,553</u>	<u>\$ 290,725</u>	<u>\$ 1,039,214</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	General Service	Garage Service	Stores/ Printing
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,036,112	\$ 1,007,573	\$ 23,502
Cash payments to suppliers for goods and services	(2,138)	(392,063)	(30,346)
Cash payments to employees for services	(1,027,507)	(611,047)	-
Other operating receipts	-	2,725	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>6,467</u>	<u>7,188</u>	<u>(6,844)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	-	(3,900)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,467	3,288	(6,844)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>3,144</u>	<u>1,877</u>	<u>11,279</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 9,611</u>	<u>\$ 5,165</u>	<u>\$ 4,435</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (60)	\$ (7,316)	\$ (4,286)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	9,067	-
Change in assets and liabilities			
Increase in receivables	-	-	-
Increase in inventories	-	(8,707)	(2,457)
Increase (decrease) in accounts payable	-	10,775	(101)
Increase in accrued liabilities	6,527	3,369	-
Total Adjustments	<u>6,527</u>	<u>14,504</u>	<u>(2,558)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 6,467</u>	<u>\$ 7,188</u>	<u>\$ (6,844)</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 5,134,337	\$ 118,946	\$ 7,320,470
(5,154,925)	(324,336)	(5,903,808)
-	-	(1,638,554)
<u>384,034</u>	<u>1,198</u>	<u>387,957</u>
<u>363,446</u>	<u>(204,192)</u>	<u>166,065</u>
-	-	(3,900)
<u>22,172</u>	<u>6,438</u>	<u>28,610</u>
385,618	(197,754)	190,775
<u>862,996</u>	<u>793,675</u>	<u>1,672,971</u>
<u>\$ 1,248,614</u>	<u>\$ 595,921</u>	<u>\$ 1,863,746</u>
<u>\$ 549,411</u>	<u>\$ (231,384)</u>	<u>\$ 306,365</u>
-	-	9,067
(136,274)	-	(136,274)
-	-	(11,164)
(49,691)	27,192	(11,825)
-	-	9,896
<u>(185,965)</u>	<u>27,192</u>	<u>(140,300)</u>
<u>\$ 363,446</u>	<u>\$ (204,192)</u>	<u>\$ 166,065</u>

# **STATISTICAL SECTION**

**(Unaudited)**

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

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<u>Fiscal Year</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Social Services</u>	<u>Culture and Recreation</u>	<u>Community and Economic Development</u>	<u>General Government</u>
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

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

**Table 1**

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<u>Interest on Long-Term Debt</u>	<u>Sewage Disposal Works</u>	<u>Water Utility</u>	<u>Stormwater Utility</u>	<u>Parking Facilities</u>	<u>America's River Project</u>	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total</u>
\$ 1,605 1,249	\$ 4,656 5,282	\$ 4,214 4,369	\$ - 1,185	\$ 1,445 1,655	\$ 415 1,065	\$ 2,141 2,238	\$ 2,155 2,257	\$ 68,879 74,328



**CITY OF DUBUQUE, IOWA**  
**GOVERNMENT-WIDE REVENUES**  
**LAST TWO FISCAL YEARS**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

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<u>Fiscal Year</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Taxes</u>	<u>Gaming</u>	<u>Unrestricted Investment Earnings</u>
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

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

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Gain on Sale of Capital Assets	<u>Other</u>	<u>Total</u>
\$ -	\$ 1,228	\$ 88,687
175	639	93,294

**CITY OF DUBUQUE, IOWA**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**LAST TEN FISCAL YEARS**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

**Table 3**

<u>Fiscal Year</u>	<u>Community Protection</u>	<u>Human Development</u>	<u>Home and Community Environment</u>	<u>Policy and Administration</u>	<u>Debt Service</u>	<u>Total</u>
1995	\$ 11,747	\$ 5,207	\$ 9,785	\$ 2,927	\$ 3,764	\$ 33,430
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

<u>Fiscal Year</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Social Services</u>	<u>Culture and Recreation</u>	<u>Community and Economic Development</u>	<u>General Government</u>	<u>Debt Service</u>	<u>Total</u>
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

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

**Table 4**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Special Assessments (2)</u>	<u>Licenses and Permits</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>	<u>Investment Earnings</u>	<u>Contributions (2)</u>
1995	\$ 20,889	\$ -	\$ 921	\$ 9,457	\$ 4,494	\$ 341	\$ 2,155	\$ -
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

<u>Fiscal Year</u>	<u>Gaming (3)</u>	<u>Miscellaneous</u>	<u>Total</u>
1995	\$ -	\$ 1,130	\$ 39,387
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

(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 prior to 2003.

**CITY OF DUBUQUE, IOWA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

**Table 4A**

<u>Fiscal Year</u>	<u>Property Tax (2)</u>	<u>Money and Credits Replacement Tax</u>	<u>Mobile Homes Tax</u>	<u>State Replacement Personal Prop. Exemption</u>	<u>Sales Tax</u>	<u>Hotel Motel Tax</u>	<u>Utility Franchise Fees</u>	<u>Total</u>
1995	\$ 14,300	\$ 39	\$ 33	\$ 493	\$ 5,182	\$ 842	\$ -	\$ 20,889
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

(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)**

<u>Fiscal Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (2)</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
1995	\$ 14,997	\$ 14,635	97.6%	\$ 116	\$ 14,751	98.4%
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

(1) Includes tax increment levy.

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



Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
\$ 245	1.6%
232	1.5
274	1.8
138	0.9
129	0.8
138	0.8
150	0.9
238	1.4
130	0.8
207	1.3

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

**Table 6**

Fiscal Year	Real Property		Exemptions	Total		Ratio of Total Taxable Value to Total Assessed Value
	Taxable Value	Assessed Value	Real Property	Taxable Value	Assessed Value	
1995	\$ 1,127,153	\$ 1,450,026	\$ 10,642	\$ 1,116,511	\$ 1,450,026	77.00%
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	10,149	1,530,057	2,317,926	66.01
2004	1,572,776	2,350,317	9,694	1,563,082	2,350,317	66.51



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

**Table 7**

<u>Fiscal Year</u>	<u>Dubuque City</u>	<u>Dubuque School District</u>	<u>Board of Education and Independents</u>	<u>Area 1 Voc. Tech</u>	<u>Dubuque County</u>	<u>Total</u>	<u>Ratio of Dubuque City to Total</u>
1995	\$ 11.78206	\$ 13.60398	\$ .53777	\$ .49222	\$ 6.95885	\$ 33.37488	35.30%
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	11.15945	11.53111	.66882	.55128	5.54016	29.45082	37.89
2001	11.93556	13.50444	.54806	.57072	5.73669	32.29547	36.96
2002	11.85631	13.73882	.55492	.57507	5.60064	32.32576	36.68
2003	11.99116	13.84768	.61686	.57791	5.59515	32.62876	36.75
2004	12.48784	14.27491	.57269	.59804	6.08923	34.02271	36.70

Source: Dubuque County Auditor's Office.

**CITY OF DUBUQUE, IOWA**  
**PRINCIPAL TAXPAYERS**  
**PAYABLE FISCAL YEAR 2004**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

**Table 8**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Kennedy Mall	Shopping Center	\$ 23,608	1.00%
Medical Associates Realty	Health Services	20,952	.89
Otto A LLC	Manufacturing	17,532	.75
Nordstrom, Inc.	Warehouse Distributor	16,060	.68
U.S. West Communications	Telecommunications	10,393	.44
Plaza 20, Inc.	Shopping Plaza	10,034	.43
Minglewood Limited Partnership	Pension Services	8,944	.38
American Trust and Savings Bank	Bank	8,663	.37
Wal-Mart	Retail Sales	7,744	.33
McGraw Hill	Publishing	<u>7,700</u>	<u>.33</u>
Totals		<u>\$ 131,630</u>	<u>5.60%</u>

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

**Table 9**

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collected (1)</u>
1995	\$ 51	\$ 609
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

(1) Includes prepayments.

**CITY OF DUBUQUE, IOWA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2004**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

**Table 10**

Actual Valuations		<u>\$ 2,350,317</u>
Legal debt margin:		
Debt limitation – 5% of actual valuations		\$ 117,516
Debt applicable to limitation:		
Total bonded debt	\$ 31,535	
Less: Revenue bonds	<u>(1,350)</u>	
Total debt applicable to limitation		<u>30,185</u>
Legal debt margin		<u>\$ 87,331</u>

**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)**

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<u>Fiscal Year</u>	<u>Population (1) *</u>	<u>Taxable Value (2) *</u>	<u>Net Bonded Debt (3) *</u>	<u>Ratio of Net Bonded Debt to Taxable Value</u>	<u>Net Bonded Debt Per Capita</u>
1995	58	\$ 1,116,511	\$ 14,775	1.32%	\$ 255
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	1,530,057	19,865	1.30	343
2004	58	1,563,082	19,010	1.22	328

\* 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**  
**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)**

**Table 12**

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Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
1995	\$ 2,350	\$ 915	\$ 3,265	\$ 33,430	9.77%
1996	2,435	757	3,192	34,772	9.18
1997	2,445	740	3,185	36,371	8.76
1998	2,150	551	2,701	36,691	7.36
1999	2,060	438	2,498	41,806	5.98
2000	1,655	320	1,975	43,633	4.53
2001	1,974	219	2,193	48,451	4.53
2002	1,346	132	1,478	46,890	3.15
2003	1,729	882	2,611	51,904	5.03
2004	1,181	586	1,767	55,254	3.20

(1) Excludes bond issuance and other costs.

(2) Includes general, special revenue, and debt service funds.

**CITY OF DUBUQUE, IOWA**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**GENERAL OBLIGATION BONDS**  
**JUNE 30, 2004**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

**Table 13**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Dubuque	\$ <u>19,010</u> (1)	100.00%	\$ <u>19,010</u>
Total	\$ <u>19,010</u>		\$ <u>19,010</u>

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

**CITY OF DUBUQUE, IOWA**  
**REVENUE BOND COVERAGE**  
**PARKING BONDS**  
**LAST TEN FISCAL YEARS**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

**Table 14**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
1995	\$ 1,108	\$ 592	\$ 516	\$ 95	\$ 205	\$ 300	1.72
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

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

**Table 15**

Fiscal Year	Property Value*			Construction Permits		Bank Deposits (2)	
	Other (3)	Residential	Total (1)	Number of Permits	Value*	Calendar Year	Total Deposits*
1995	\$ 441,399	\$ 1,008,627	\$ 1,450,026	6,918 ♦	\$ 65,599	1994	\$ 883,000
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	1,109,992

\* Amounts expressed in thousands.

(1) Assessed value from Table 6.

(2) Source: Federal Deposit Insurance Corporation.

(3) Commercial, Industrial, and Utilities.

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

⊗ 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**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**Table 16**

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Fiscal Year	(1) Population	(2) Per Capita Income	(1) Median Age	(3) Public School Enrollment	(4) Unemployment Rate
1995	57,538	\$ 21,321	34	10,133	3.8%
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	26,495	34	9,680	3.4
2002	57,686	27,294	37	9,906	3.6
2003	57,686	*	37	10,122	3.7
2004	57,686	*	37	10,428	4.0

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, 2004**

<u>Insurer</u>	<u>Policy Number</u>	<u>Expiration Date</u>	<u>Details of Coverage</u>
<b><u>LIABILITY INSURANCE</u></b>			
Iowa Communities Assurance Pool	IP041901414000003	7/1/04	Municipal General Liability Includes EMT's and Ambulance Service
Iowa Communities Assurance Pool	IP035901414000003	7/1/04	Municipal Auto Liability Includes Transit Liability
Iowa Communities Assurance Pool	IP015901414000003	7/1/04	Comprehensive & Collision
Iowa Communities Assurance Pool	IP039901414000003	7/1/04	Public Official Liability
Iowa Communities Assurance Pool	IP040891414000003	7/1/04	Police Professional
American International Speciality Lines Insurance Co.	CPO1233294	7/27/07	Lead Pollution Liability
ACE USA	AAPN 00053119	7/1/04	Airport Liability
United National Insurance Co.	LPO 0003119	7/1/04	Public Officials Liability – Airport
St. Paul Fire & Marine Insurance Company	EM06649597	8/1/04	Professional Liability – Nurses
Mount Vernon Fire Insurance Co.	CL2236323B	8/1/04	Dram Shop Liability – Five Flags
Mount Vernon Fire Insurance Co.	CL2231997C	4/16/05	Dram Shop Liability – Bunker Hill

**Table 17**

Liability Limits			Annual Premium
\$	5,000,000	Each Occurrence	\$ 452,981*
	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	49,265
	2,500	Deductible	
	15,000	Deductible Aggregate	
	5,000,000	Each Occurrence/Aggregate	10,006
	7,500	Deductible	
	1,000,000	Each Person	175
	3,000,000	Total Limit	
	3,000,000	Each Common Cause/Aggregate	5,483
	3,000,000	Each Common Cause/Aggregate	5,906

(continued)

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

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF INSURANCE IN FORCE**  
**JUNE 30, 2004**

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<u>Insurer</u>	<u>Policy Number</u>	<u>Expiration Date</u>	<u>Details of Coverage</u>
<b><u>PROPERTY INSURANCE</u></b>			
Cincinnati Insurance Co.	CAP 769 5890	7/1/04	Comprehensive Business Policy
<b><u>CRIME INSURANCE</u></b>			
Allied Insurance	BD7900575274	7/1/04	Public Official Bond
Travelers Insurance Co.	103338754	7/1/04	Public Official Bond
<b><u>BOILER INSURANCE</u></b>			
Cincinnati Insurance Co.	BEP 264 96 23	7/1/04	Boiler & Machinery

**Table 17  
(continued)**

Liability Limits		Annual Premium
\$ 173,667,471	Building & Contents	\$ 205,451
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	
900,000	City Manager	1,384
900,000	Finance Director	
900,000	Assistant Finance Director	
900,000	Budget Director	
2,500,000	Per Accident	52,948
5,000	Deductible	

**CITY OF DUBUQUE, IOWA**  
**MISCELLANEOUS STATISTICS**  
**JUNE 30, 2004**  
**(UNAUDITED)**

**Table 18**

Date of Incorporation	1837
Form of Government	Council/Manager – Ward
Population – 2000 Census	57,686
Number of employees:	
Full Time	496
Part Time/Seasonal	289
Area in square miles	28.3
City of Dubuque facilities and services:	
Miles of streets	290
Number of street lights	1,591
Number of traffic signals	110
Culture and Recreation:	
Parks	42
Park acreage	850
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	98.5
Sewerage System:	
Miles of sanitary sewers	169
Miles of storm sewers	152
Number of treatment plants	1
Number of service connections	21,000
Daily average treatment in gallons	8,000,000
Maximum daily capacity of treatment plant in gallons	15,000,000
Water System:	
Miles of water mains	309.6
Number of service connections	21,206
Number of fire hydrants	2,736
Daily average consumption in gallons	8,000,000
Maximum daily capacity of plant in gallons	18,000,000
Public Transit System	Vehicles – 30
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	18
Number of secondary schools	7
Number of colleges	4
Number of universities	1
Number of theological seminaries	2
Hospitals:	
Number of hospitals	2
Number of licensed patient beds	560

# **COMPLIANCE SECTION**





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

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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, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004, 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. The prior year statutory comment has been resolved.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in Part II of the accompanying schedule of findings and questioned costs.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Dubuque, Iowa, in a separate letter dated November 10, 2004. There were no prior year reportable conditions to be resolved.

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. 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 10, 2004



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

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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, 2004. 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; Chapter 11 of the Code of Iowa; 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 provisions 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, 2004.

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.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described as item III-A-04 in the accompanying Schedule of Findings and Questioned Costs.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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.

*Erin Bailey* LLP

Dubuque, Iowa  
November 10, 2004

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Direct:			
Department of Commerce:			
Grants for Public Works and Economic Development Facilities	11.300	05-01-03816	\$ <u>1,447,283</u>
Department of Housing and Urban Development:			
Community Development Block Grants/ Entitlement Grants	14.218	B-XX-MC-19-0004	<u>1,647,142</u>
Community Development Block Grants/ Brownfields Economic Development Initiative	14.246	B-02-SP-IA-0178	736,588
Community Development Block Grants/ Brownfields Economic Development Initiative	14.246	B-03-SP-IA-0193	<u>123,370</u>
			<u>859,958</u>
Fair Housing Assistance Program – State and Local	14.401	FF207K027006	10,000
Fair Housing Assistance Program – State and Local	14.401	FF207K037006	<u>102,391</u>
			<u>112,391</u>
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-002	17,552
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-001	24,910
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-005	<u>299,872</u>
			<u>342,334</u>
Section 8 Housing Choice Vouchers	14.871	KC-9004V	<u>4,093,612</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0243-03	<u>240,278</u>
Department of Justice:			
Local Law Enforcement Block Grants Program	16.592	2003-LB-BX-1245	<u>21,651</u>
Bulletproof Vest Partnership Program	16.607	1999BUBX990	2,475
Bulletproof Vest Partnership Program	16.607	2003BUBX030	6,731
Bulletproof Vest Partnership Program	16.607	2001BUBX010	1,015
Bulletproof Vest Partnership Program	16.607	2002BUBX020	<u>9,075</u>
			<u>19,296</u>

(continued)

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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	\$ 36,041
Public Safety Partnership and Community Policing Grants	16.710	2000SHWX0668	<u>11,437</u>
			<u>47,478</u>
Federal Drug Task Force Grant	NA	WC IAN 036	<u>3,039</u>
Department of Transportation:			
Airport Improvement Program	20.106	3-19-0028-34	90,851
Airport Improvement Program	20.106	3-19-0028-33	32,177
Airport Improvement Program	20.106	3-19-0028-32	557,782
Airport Improvement Program	20.106	3-19-0028-26	74,013
Airport Improvement Program	20.106	3-19-0028-30	435
Airport Improvement Program	20.106	3-19-0028-31	73,446
Airport Improvement Program	20.106	3-19-0028-29	29,333
Airport Improvement Program	20.106	3-19-0028-25	124,342
Airport Improvement Program	20.106	3-19-0028-27	<u>17,237</u>
			<u>999,616</u>
Federal Transit – Capital Investment Grants	20.500	IA-03-0097-00	106,981
Federal Transit – Formula Grants	20.507	IA-90-X282	<u>556,819</u>
			<u>663,800</u>
Payments for Small Community Air Service Development	20.930	OST-2003-15065-148	<u>61,236</u>
Environmental Protection Agency:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BP98719701	<u>77,250</u>
Department of Homeland Security:			
Assistance to Firefighters Grant	97.044	EMW-2003-FG-07957	<u>145,377</u>
Total Direct			<u>10,781,741</u>
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	3,500
Violence Against Women Formula Grants	16.588	02V-0234	<u>608</u>
			<u>4,108</u>
Public Safety Partnership and Community Policing Grants	16.710	2003CKW0467	<u>1,579</u>

(continued)

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Indirect: (continued)			
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-2100(622)- -70-31 \$	1,324,994
Highway Planning and Construction	20.205	STP-U-2100(626)- -70-31	921,867
Highway Planning and Construction	20.205	STP-E-2100(6)- -8V-31	<u>8,520</u>
			<u>2,255,381</u>
Federal Transit – Capital Investment Grants	20.500	03-0094-210-22	5,981
Federal Transit – Capital Investment Grants	20.500	03-0095-210-02	1,584
Federal Transit – Capital Investment Grants	20.500	03-0098-210-03	421,640
Federal Transit – Capital Investment Grants	20.500	03-0093-210-01	<u>24,194</u>
			<u>453,399</u>
Job Access – Reverse Commute	20.516	37-X006-210-01	<u>7,865</u>
Governor’s Traffic Safety Bureau:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	04-410, TASK 15	10,642
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		<u>1,357</u>
			<u>11,999</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	04-163, TASK 27	<u>7,059</u>
Department of Homeland Security:			
Iowa Department of Public Defense:			
Public Assistance Grants	97.036	FEMA-DR-1420-IA	<u>50,708</u>
Hazard Mitigation Grant	97.039	1420-0002	<u>32,819</u>
Total indirect			<u>2,824,917</u>
Total			<u>\$ 13,606,658</u>

NA – Not Available

See notes to the Schedule of Expenditures of Federal Awards.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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**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:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$ 191,086
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	\$ 736,588



**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A reportable condition in internal control over financial reporting was disclosed by the audit of the financial statements but was not considered a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A reportable condition in internal control over the major programs was disclosed by the audit of the financial statements but was not considered a material weakness.
- (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 11.300 – Grants for Public Works and Economic Development Facilities
  - CFDA Number 14.246 – Community Development Block Grants/Brownsfields Economic Development Initiative
  - CFDA Number 14.856 – Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation
  - CFDA Number 14.871 – Section 8 Housing Choice Vouchers
  - CFDA Number 20.205 – Highway Planning and Construction
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$408,200.
- (i) The City of Dubuque, Iowa, qualified as a low-risk auditee.

**Part II: Findings Related to the Basic Financial Statements:**

**REPORTABLE CONDITION**

II-A-04 Segregation of Duties – During our review of internal controls, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. Currently, the City has not segregated accounts payable disbursement functions, general checking account bank reconciliation functions, and journal entry posting functions.

Recommendation – We recommend that the City review operating procedures in order to obtain the maximum internal control possible.

Response – The general checking account bank reconciliation will be assigned to other Finance Department personnel who do not perform accounts payable or journal entry posting functions.

Conclusion – Response accepted.

**CITY OF DUBUQUE, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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**Part III: Findings and Questioned Costs for Federal Awards:**

**REPORTABLE CONDITION**

**CFDA Number 11.300: Grants for Public Works and Economic Development Facilities  
Grant Number: 05-01-03816  
Department of Commerce**

**CFDA Number 14.246: Community Development Block Grants/Brownfields Economic  
Development Initiative  
Grant Numbers: B-02-SP-IA-0178 and B-03-SP-IA-0193  
Department of Housing and Urban Development**

**CFDA Number 14.856: Lower Income Housing Assistance Program – Section 8 Moderate  
Rehabilitation  
Grant Numbers: KC-9004MR-001, KC-9004MR-002, and KC-9004MR-005  
Department of Housing and Urban Development**

**CFDA Number 14.871: Section 8 Housing Choice Vouchers  
Grant Number: KC-9004V  
Department of Housing and Urban Development**

**CFDA Number 20.205: Highway Planning and Construction  
Grant Numbers: STP-U-2100(622)- -70-31, STP-U-2100(626)- -70-31, and STP-E-2100(6)- -8V-31  
Department of Transportation  
Passed Through the Iowa Department of Transportation**

III-A-04 Segregation of Duties – The City has not segregated accounts payable disbursement functions, general checking account bank reconciliation functions, and journal entry posting functions. See item II-A-04.

**Part IV: Other Findings Related to Statutory Reporting:**

IV-A-04 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, 2004.

IV-B-04 Certified Budget – Function disbursements during the year ended June 30, 2004, did not exceed the amounts budgeted.

IV-C-04 Questionable Expenditures – An expenditure was noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, since the public benefits to be derived have not been clearly documented. The expenditure was a \$15 sympathy gift given from the City’s merchandise. According to the opinion, it is possible for such expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

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

Recommendation – The Council should determine and document the public purpose served by this expenditure before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirement for proper documentation.

Response – The City will comply with this recommendation.

Conclusion – Response accepted.

IV-D-04 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-E-04 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
John Zenner, employee, owner of building	Building rent	\$ 3,245
Jan Anderson, employee, spouse is owner of Anderson Design & Consulting, Inc.	Architect services	\$ 580

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with John Zenner do not appear to represent conflicts of interest since the transactions were entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa. The transactions with Anderson Design & Consulting, Inc., do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

IV-F-04 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.

IV-G-04 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-H-04 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.

IV-I-04 Revenue Bonds – No instances of non-compliance with the provisions of the City’s revenue bond resolutions were noted.

IV-J-04 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.