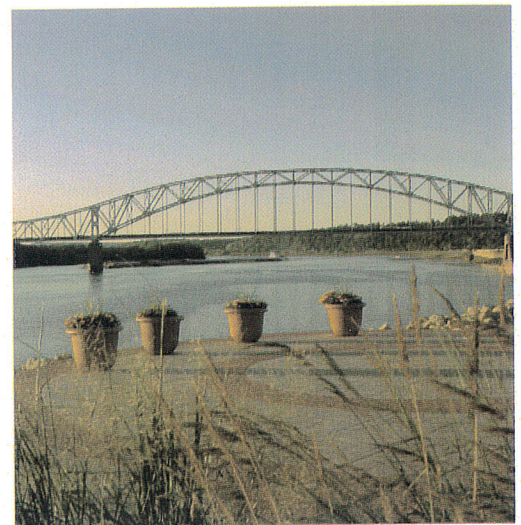
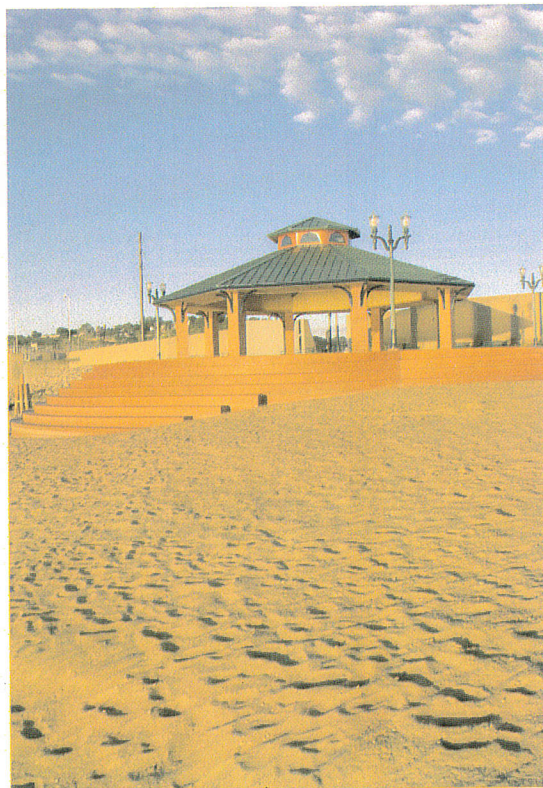


# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**CITY OF  
DUBUQUE, IOWA**

**For the Fiscal Year  
ending June 30, 2003**



# **CITY OF DUBUQUE, IOWA**

## **Comprehensive Annual Financial Report**

**For the fiscal year ended  
June 30, 2003**

**Prepared by:  
Department of Finance**

# **INTRODUCTORY SECTION**

# CITY OF DUBUQUE, IOWA

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## CITY OF DUBUQUE, IOWA

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December 16, 2003

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, 2003, 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, 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.

## **ECONOMIC CONDITION AND OUTLOOK**

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 3.7 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, and for appointing the heads of the government's departments. 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.

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 continues to market to developers its 40,000

square foot speculative industrial building located on twelve acres of Dubuque Industrial Center West, now being partially leased by DDI, Inc. The McGraw-Hill Company completed a 330,000 square foot warehouse and distribution center at Dubuque Industrial Center West last year. Also, the sale of 17 acres to Alliant Energy for a new operations facility is complete with construction slated for 2004. Giese Manufacturing completed construction of a 30,000 square foot manufacturing facility on a 5-acre site. Construction recently began on the Adams Company 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 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. CIGNA celebrated its grand opening in June 2001 following completion of a new 115,000 square foot office building in downtown Dubuque. 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 recently 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. The Weber Paper building is being remodeled to house Shepherd Publishing, which will bring 70 jobs to downtown Dubuque.

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. During the past year 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. It has been announced that Kohl's Department Store will open in late 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.

With the recent economic growth, the City has annexed almost 3000 acres since 1995. In contrast, only 40 acres were annexed in the first half of the 1990's. Another 700-acre annexation is awaiting state approval. This is consistent with the non-residential construction numbers in the community. From 1990-1997 the City averaged 300,000 square feet of non-residential construction per year. In the five years from 1998-2002, the City has averaged almost 1,000,000 square feet of non-residential construction.



## 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 on August 2, 2002. The balance of the reconstruction of the Town Clock Plaza is budgeted in the City's 5-year Capital Improvement Program. 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. The next phase of this process is a comprehensive planning process for the downtown, which is currently underway.

Construction for the last phase of the Northwest Arterial, from JFK Road to U.S. 52, was completed in September 2002. Grading for this project took place in 2001, and paving in 2002. The road was opened to traffic on September 13, 2002.

American Airlines has maintained service in Dubuque following the tragic events of 9-11. In the past year the airline industry has undergone major economic losses causing them to cut flights to cities large and small. The Dubuque Regional Airport was down only 3.38% in calendar year 2001 for a total of 56,353 passengers. The Dubuque Regional Airport has recently taken a proactive approach by embarking on a vigorous marketing campaign designed to awaken the community to the need to retain air service with FLYDBQ campaign. United Express and Northwest Airline have both discontinued commercial service to the airport.

The Dubuque Regional Airport celebrated the conversion of Runway 18/36 to a primary runway during the fall of 2002 with a ribbon cutting ceremony. This new primary runway should greatly reduce weather related flight cancellations.

The Terminal Area Study was concluded in March 2003. The object of the report was to define the long-term air service facility needs at the Dubuque Regional Airport including a comprehensive study of the existing terminal building and future expansion and relocation options. Airport staff is currently working on two new airport improvement level projects, updating the Airport Master Plan and a Benefit Cost Analysis / Environmental assessment.

Taxiway Charlie and Delta Rehabilitation Project was completed in the spring 2003. The project included a pavement overlay of Taxiway Charlie and new taxiway lights for Charlie and Delta.

Due to on-going operational problems, replacement of taxiway Alpha NW lights was added to the project.

The Department of Transportation passed a bill called the Small Community Air Service Development Pilot Program Grant. This bill has \$20 million that will be dispersed to thirty-five communities across the United States. The Dubuque Regional Airport, being one of the chosen communities, will receive approximately \$610,000 with additional travel bank pledge dollars. The Airport has two main goals for the grant; the first is to maintain the current level of service in the tri-state region with American Eagle. The second goal is to utilize the remaining dollars to expand air service by adding more frequencies and/or access another hub.

The City is currently served by one major commuter airline, American Eagle, with three daily round trips to Chicago. American Eagle continues to fly 50 passenger seat regional jets. As of September 2003, revenue passenger enplanements are at 29,136, somewhat lower than 2002 figures. The airport has two on-demand charter services available on the field with a variety of aircraft. Customers have numerous options and destinations to choose from to suit their traveling needs.

In October 2003, The Dubuque Regional Airport received its 13<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.

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, 23 families were assisted in purchasing their first home through use of Community Development Block Grant (CDBG) funds. Housing rehabilitation assistance included \$1.2 million in grants to remove lead paint hazards in single and multi-family housing units. Through loans of \$110,524 in CDBG funds, 13 rental units were rehabilitated. In total, the Housing and Community Development Department invested more than \$2.5 million in homeowner and rental housing projects, matched by \$2.2 million in private investment. Neighborhood park development included the installation of new play units in several neighborhood parks during the year. 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-mostly completed*  
Two and one-half miles of an 18-mile extension of the Heritage Bike Trail from the north end of Dubuque through downtown, to the Mines of Spain State Recreation Area were recently completed, with the opening of the North End Neighborhood Trail and the Heron Pond Wetlands Nature Trail. Construction is proceeding on 13 miles of additional off-road and on-street segments of the trail extension. When completed, Heritage Trail Riverfront System, with links to riverfront parks and the Port of Dubuque, will create a major recreational system.
- *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*  
The City acquired a riverfront property on the 4<sup>th</sup> Street Peninsula for construction of a one-third mile Riverwalk. This 15-foot wide promenade was completed during the fiscal year. The walk 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 under negotiation*  
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. Plans and financing have not been finalized for the project.

The \$188 million America's River Project is fully funded with all the large components completed and others under construction. The Port of Dubuque has an additional 60 acres available for private development. The City has acquired additional property and is relocating existing property owners to assemble into new development parcels for private development based on the adopted Port of Dubuque Master Plan. The new plan guides the redevelopment in the downtown riverfront area. A consultant study indicates that another \$150 million in private development can be expected.

**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 developed
- 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 developed, with completion scheduled by June 2005. Redevelopment is guided by the Port of Dubuque Master Plan.
- 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.
- Neighborhood Reinvestment – The highly successful Community Oriented Policing and Uptown Recreation programs will continue. 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. Several initiatives with other public and private organizations have been completed for the downtown areas, including improvements to Flat Iron Park, continued reconstruction of Town Clock Plaza, and a master plan for the Five Flags Civic Center. The Downtown Master Plan is currently being developed.
- **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 be interconnected by 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. The schedule for this phase is yet to be determined. U.S. 20 will be widened to five lanes from the Northwest Arterial to old U.S. 20 in 2004 to improve safety. Corridor studies will be completed for the Southwest Arterial and the Julien Dubuque Bridge four-lane replacement. Plans are also in place to expand U.S. Highway 151, providing Dubuque with a four-lane link to Madison, Wisconsin, and Cedar Rapids, Iowa, by 2004. The four-lanes of U.S. Highway 20 from Dubuque to Fort Dodge, Iowa was completed in 2003. U.S. Highway 61 was opened as a four-lane from Dubuque to Davenport, Iowa in 1999. The four-lane of U.S. Highway 218 from Waterloo, Iowa to Mason City, Iowa connects to U.S. Highway 20 and opened in 2003. The City, in partnership with local stakeholders, also will implement a comprehensive way finding signage program throughout the City with IDOT support.

All of this is being done while the City maintains fiscal integrity. Through efficient operation, revenue diversification, and debt reduction, the City has not increased the average homeowners property taxes in nine 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, 2003, 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 recorded investment earnings of \$1,962,308 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. The coverage for general and auto liability, as well as public official and police professional liability are acquired through this agency. Worker's compensation coverage up to \$400,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims equaled \$516,678 as of June 30, 2003. The City has also established self-insurance plans for medical, dental, prescription drug, and short-term disability. The accumulated reserve provision for such claims equaled \$108,976 as of June 30, 2003. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

## OTHER INFORMATION

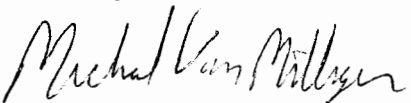
**Independent Audit.** State Code requires an annual audit by independent certified public accountants or the State Auditor. The accounting firm of Eide Bailly LLP conducted the audit for fiscal year 2003. In addition to meeting the requirements set forth in state statutes, the audit also was designed 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, 2002. This was the 15<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 only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**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,

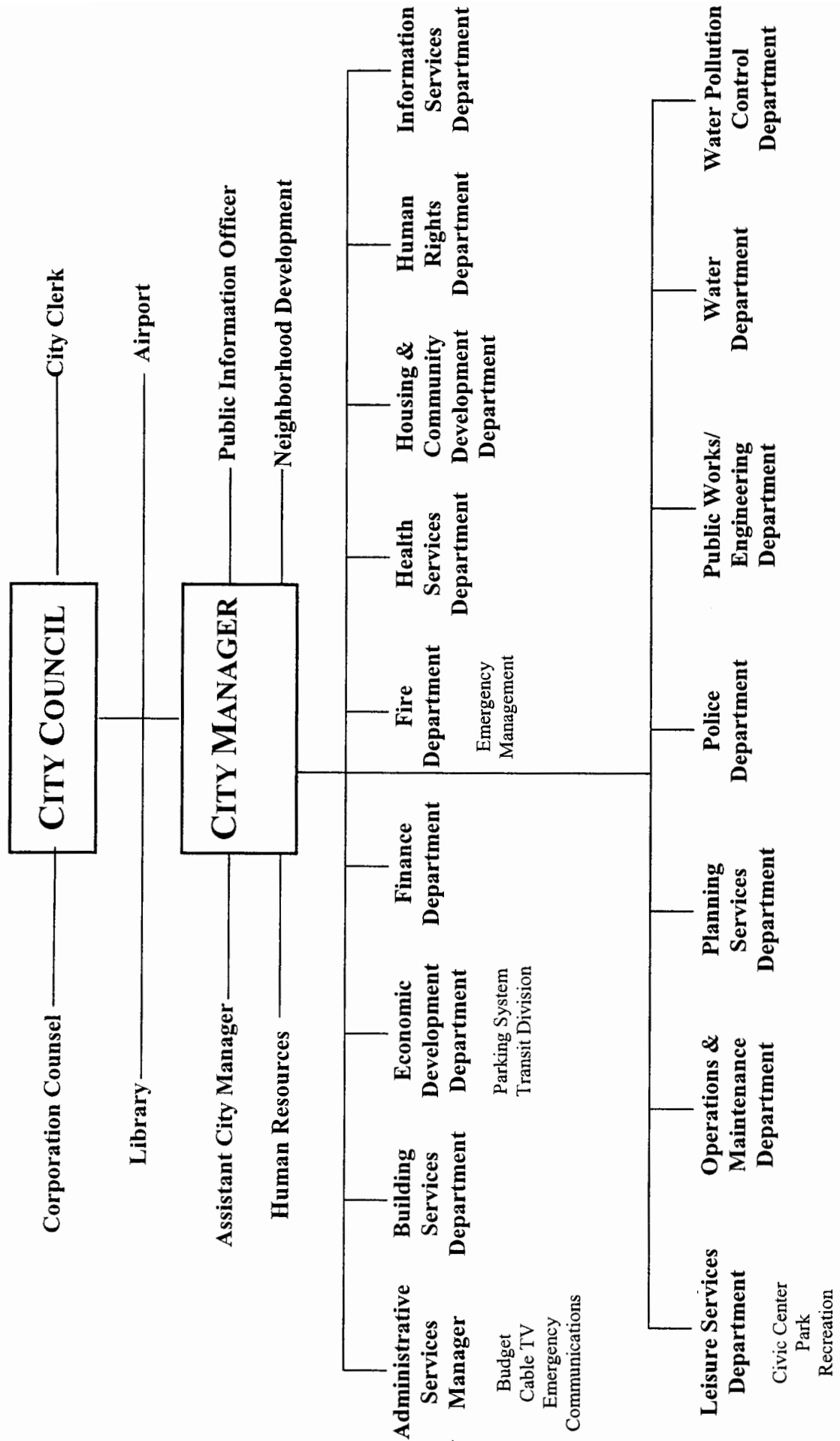


Michael C. Van Milligen  
City Manager



Kenneth J. TeKippe, CPA  
Finance Director

# CITY OF DUBUQUE ORGANIZATIONAL CHART





**CITY OF DUBUQUE, IOWA**  
**OFFICIALS**  
**JUNE 30, 2003**

---

**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**

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

Administrative Services Manager  
Airport Manager  
Assistant City Manager  
Building Services Manager  
Economic Development Director  
Finance Director  
Fire Chief  
Health Services Manager  
Housing and Community Development Manager  
Human Rights Director  
Personnel Manager  
Information Services Manager  
Leisure Services Manager  
Library Director  
Operations & Maintenance Manager  
Planning Services Manager  
Police Chief  
Public Works Director/Engineering Division  
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, 2002

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



President

Executive Director

## FINANCIAL SECTION



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, 2003, 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 an opinion 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 opinion.

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, 2003, 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.

As described in Note 14, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



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

Our audit was conducted for the purpose of forming an opinion 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, statistical tables, and the Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Budget (OMB) Circular A-133 are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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  
December 16, 2003

**CITY OF DUBUQUE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2003**

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, 2003. 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 \$359,170,765 (net assets). This was an increase of \$19,808,619 over net assets at June 30, 2002. Unrestricted net assets at June 30, 2003 in the amount of \$17,837,445 may be used to meet the City's ongoing obligations to citizens and creditors.
- The revenues of the general fund exceeded expenses by \$470,195.
- The ending general fund balance was \$16,792,510.
- Within the City's business-type activities, revenues and transfers exceeded expenses by \$18,374,650.
- For the year, the revenues of the City's governmental activities exceeded expenses and transfers by \$1,433,969.
- The City's debt decreased by \$155,390 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 are 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.

Due to the City's implementing Governmental Accounting Standards Board Statement Number 34 in 2003, comparative data is not available for a comprehensive discussion of the City's change in net assets. However, a comparative analysis of government-wide data will be presented in future years.

**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, the 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, 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 the other seventeen 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, 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 during fiscal year 2003.

***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.



**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 \$359,170,765 at the close of the most recent fiscal year.

The largest part of the City's net assets (86.7%) 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 2003	Business- Type Activities 2003	Total
Current and Other Assets	\$ 69,832,586	\$ 12,398,014	\$ 82,230,600
Capital Assets	230,511,151	104,475,331	334,986,482
Total Assets	300,343,737	116,873,345	417,217,082
Long-term Liabilities	38,517,320	6,475,107	44,992,427
Other Liabilities	8,224,246	4,829,644	13,053,890
Total Liabilities	46,741,566	11,304,751	58,046,317
Net Assets:			
Invested in Capital Assets, Net of Related Debt	212,767,403	98,706,116	311,473,519
Restricted	29,306,125	553,677	29,859,802
Unrestricted	11,528,643	6,308,801	17,837,444
Total Net Assets	\$ 253,602,171	\$ 105,568,594	\$ 359,170,765

A portion of the City's net assets (8.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets (5.0%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal year 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 \$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 \$18,041,049 in 2003. Other

governmental revenues included gaming of \$9,539,598, local option sales taxes of \$6,492,203 and hotel/motel tax of \$970,232.

Governmental expenses during 2003 totaled 53,702,231. The largest programs were public safety of \$15,817,052, public works of \$14,453,558, and community and economic development of \$9,431,702. The State of Iowa changed the reporting requirements for expenses from four programs to eight functions effective with the 2003 fiscal year.

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

	Governmental Activities 2003	Business- Type Activities 2003	Total
Revenues:			
Program revenues:			
Charges for services	\$ 7,861,142	\$ 12,033,067	\$ 19,894,209
Operating grants and contributions	13,677,503	880,822	14,558,325
Capital grants and contributions	3,447,052	11,938,797	15,385,849
General revenues:			
Property taxes	\$ 18,041,049	\$ 506,054	\$ 18,547,103
Local option sales taxes	6,492,203	-	6,492,203
Hotel/motel tax	970,232	-	970,232
Gaming	9,539,598	-	9,539,598
Unrestricted investment earnings	1,749,301	321,447	2,070,748
Loss on sale of capital assets	(149,650)	(168,001)	(317,651)
Other	1,228,232	-	1,228,232
Total revenues	<u>\$ 62,856,662</u>	<u>\$ 25,512,186</u>	<u>\$ 88,368,848</u>
Expenses:			
Public safety	\$ 15,817,052	\$ -	\$ 15,817,052
Public works	14,453,558	-	14,453,558
Health and social services	815,524	-	815,524
Culture and recreation	7,367,147	-	7,367,147
Community and economic development	9,431,702	-	9,431,702
General government	4,211,922	-	4,211,922
Interest on long-term debt	1,605,326	-	1,605,326
Sewage Disposal Works	-	4,655,696	4,655,696
Water Utility	-	4,145,983	4,145,983
Parking Facilities	-	1,445,434	1,445,434
America's River Project	-	414,830	414,830
Refuse collection	-	2,140,807	2,140,807
Transit system	-	2,055,248	2,055,248
Total expenses	<u>\$ 53,702,231</u>	<u>\$ 14,857,998</u>	<u>\$ 68,560,229</u>

Increases in net assets before transfers	\$ 9,154,431	\$ 10,654,188	\$ 19,808,619
Transfers	(7,720,462)	7,720,462	-
Increase in net assets	1,433,969	18,374,650	19,808,619
Net assets - July 1, 2002	252,168,202	87,193,944	339,362,146
Net assets - June 30, 2003	<u>\$ 253,602,171</u>	<u>\$ 105,568,594</u>	<u>\$ 359,170,765</u>

***Business-type activities.*** Business type activities increased net assets by \$18,374,650 accounting for 92.8% of the City of Dubuque's growth in net assets at June 30, 2003.

## 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 \$49,120,499 at June 30, 2003. A portion of the fund balance is reserved and not available for new spending because it has already been committed for encumbrances, endowments, inventories and prepaid items, debt service and state statute restricted purposes.

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

The unreserved fund balance of special revenue employee benefits fund decreased by \$7,521 to \$102,530. The unreserved fund balance of special revenue community development decreased by \$131,178 to \$2,472,514.

***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, 2003 totaled \$105,568,594 of which 6.0% (\$6,308,801) is unrestricted. The net assets of the internal service funds are \$706,152, a \$678,321 decrease from the 2002 total net assets. The unrestricted net assets of the internal service funds are \$641,732 (90.9%).

The sewer disposal works had an increase in net assets of \$396,015 for total net assets of \$36,164,271 at June 30, 2003. The water utility had a decrease in net assets of \$87,163 for total net assets of \$23,512,680. The parking facilities had an increase in net assets of \$6,610,980 for total net assets of \$13,023,931. The increase is primarily attributable to a \$6,716,575 transfer for the completion of a parking facility. The America's River Project had an increase in net assets of \$11,906,955 for total net assets of \$27,768,156. The increase is primarily attributable to Vision Iowa funds received.

## BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2002-2003 budget. The first amendment was passed in October 2002 primarily to reflect operating and capital encumbrance carryovers. The second budget amendment was in May 2003 to reflect projected year-end expenditures and revenues.

**General fund.** The final budget for total revenues increased \$4,532,567 from the original budget. The increase was primarily attributable to grants received and other miscellaneous revenues. The final budget for total expenditures increased \$13,541,214 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 \$2,642,287 less than the final amended budget, and expenditures were \$11,039,526 less than the final amended budget.

## 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, 2003, amounts to \$334,986,482 (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 2003	Business- Type Activities 2003	Total
Land	\$ 48,575,050	\$ 1,584,577	\$ 50,159,627
Buildings	37,989,032	59,619,714	97,608,746
Improvements and other buildings	8,829,528	25,742,378	34,571,906
Machinery and equipment	21,748,273	40,303,626	62,051,899
Infrastructure	164,517,860	-	164,517,860
Construction in progress	16,345,691	32,215,865	48,561,556
Accumulated depreciation	(67,494,283)	(54,990,829)	(122,485,112)
	<u>\$ 230,511,151</u>	<u>\$ 104,475,331</u>	<u>\$ 334,986,482</u>

Major expenditures during 2002-2003 were for the Grand River Center, Riverwalk, Flat Iron park renovation, Main Street project, water, storm and sanitary sewer projects, completion of new parking ramp, airport taxiway and runway, and (2) Solid Waste Collection vehicles.

**Long-term debt.** At year end the City had \$31,768,205 of debt outstanding. This is a decrease of \$155,390 from June 30, 2002. New debt issued during the current year

included \$2,500,000 for new water main and new water tower project and \$650,000 to refinance existing debt. The City maintained its Aa3 bond rating 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 \$115,896,000. With outstanding general obligation debt of \$30,271,000 we are utilizing 26.1% 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 3.7%, slightly higher than the 3.6% rate for the prior year, but well under the State of Iowa rate of 4.2% and the 6.4% national rate.

The City continues to enjoy moderate growth in assessed valuation of taxable property net of exemptions (8.0% for total of \$1,530,066,000). The minimum refuse rate decreased \$0.30 to \$7.20 with the implementation of a unit based pricing system. Sewer rates increased 1% and water rates increased 2%. The news has not been as good for the State of Iowa as most of the shared revenue and property tax replacement funds provided to local governments were cut for the 2003-2004 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, 2003**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and pooled cash investments	\$ 37,186,961	\$ 9,959,062	\$ 47,146,023	\$ 6,936,033
Receivables				
Property tax				
Delinquent	130,198	4,124	134,322	-
Succeeding year	15,664,637	513,259	16,177,896	-
Accounts and other	1,293,123	1,301,030	2,594,153	200,411
Special assessments	534,465	-	534,465	-
Accrued interest	256,653	45,289	301,942	30,975
Notes - current	787,433	-	787,433	-
Intergovernmental	2,209,798	126,614	2,336,412	-
Internal balances	449,021	(449,021)	-	-
Inventories	124,255	338,943	463,198	-
Prepaid items	10,630	5,037	15,667	-
<b>RESTRICTED ASSETS</b>				
Temporarily restricted				
Cash and pooled cash investments	240,310	553,677	793,987	3,078,860
Permanently restricted				
Cash and pooled cash investments	22,391	-	22,391	-
<b>NONCURRENT ASSETS</b>				
Notes receivable - long-term	10,922,711	-	10,922,711	-
Capital assets				
Land	48,575,050	1,584,577	50,159,627	552,528
Buildings	37,989,032	59,619,714	97,608,746	44,349
Improvements other than buildings	8,829,528	25,742,378	34,571,906	5,893,766
Machinery and equipment	21,748,273	40,303,626	62,051,899	1,827,636
Infrastructure	164,517,860	-	164,517,860	-
Construction in progress	16,345,691	32,215,865	48,561,556	-
Accumulated depreciation	(67,494,283)	(54,990,829)	(122,485,112)	(5,018,985)
Total Assets	<u>300,343,737</u>	<u>116,873,345</u>	<u>417,217,082</u>	<u>13,545,573</u>

See notes to financial statements.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 3,429,800	\$ 3,454,315	\$ 6,884,115	\$ 65,844
Accrued payroll	275,588	86,241	361,829	10,437
Notes payable - current	922,167	283,188	1,205,355	-
General obligation bonds payable - current	855,000	485,000	1,340,000	-
Revenue bonds payable - current	-	190,000	190,000	-
Tax-increment financing bonds payable - current	340,590	-	340,590	-
Accrued compensated absences	2,248,606	274,850	2,523,456	40,273
Accrued interest payable	133,230	56,050	189,280	-
Intergovernmental payable	19,265	-	19,265	74,569
Deferred revenue				
Succeeding year property tax	15,664,637	513,259	16,177,896	-
Other	122,271	-	122,271	-
<b>NONCURRENT LIABILITIES</b>				
Notes payable	40,000	-	40,000	-
General obligation bonds payable	19,010,000	4,630,514	23,640,514	-
Revenue bonds payable	-	1,331,334	1,331,334	-
Landfill closure and postclosure care	-	-	-	1,904,315
Tax-increment financing bonds payable	3,680,412	-	3,680,412	-
Total Liabilities	<u>46,741,566</u>	<u>11,304,751</u>	<u>58,046,317</u>	<u>2,095,438</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	212,767,403	98,706,116	311,473,519	3,299,294
Restricted for/by				
Bond ordinance	150,526	553,677	704,203	-
Debt service	83,833	-	83,833	-
Dog track	1,049,091	-	1,049,091	-
Employee benefits	211,290	-	211,290	-
Community development	14,130,192	-	14,130,192	-
Streets	6,295,301	-	6,295,301	-
Capital projects	6,307,172	-	6,307,172	-
Franchise agreement	897,297	-	897,297	-
Endowments				
Expendable	70,091	-	70,091	-
Nonexpendable	22,391	-	22,391	-
Other	88,940	-	88,940	-
State statute	-	-	-	329,903
Minority interest	-	-	-	1,775,353
Unrestricted	<u>11,528,644</u>	<u>6,308,801</u>	<u>17,837,445</u>	<u>6,045,585</u>
Total Net Assets	<u>\$ 253,602,171</u>	<u>\$ 105,568,594</u>	<u>\$ 359,170,765</u>	<u>\$ 11,450,135</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF ACTIVITIES**  
**FOR YEAR ENDED JUNE 30, 2003**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Public safety	\$ 15,817,052	\$ 1,583,255	\$ 374,193	\$ -
Public works	14,453,558	3,367,720	5,352,970	2,579,412
Health and social services	815,524	102,524	102,235	-
Culture and recreation	7,367,147	2,145,435	119,819	233,075
Community and economic development	9,431,702	280,116	7,521,349	634,565
General government	4,211,922	382,092	206,937	-
Interest on long-term debt	1,605,326	-	-	-
Total governmental activities	<u>53,702,231</u>	<u>7,861,142</u>	<u>13,677,503</u>	<u>3,447,052</u>
Business-type activities				
Sewage Disposal Works	4,655,696	4,300,156	-	1,031,754
Water Utility	4,145,983	3,975,598	-	198,409
Parking Facilities	1,445,434	1,427,146	-	75,300
America's River Project	414,830	147,695	-	10,633,334
Refuse collection	2,140,807	1,981,105	-	-
Transit system	2,055,248	201,367	880,822	-
Total business-type activities	<u>14,857,998</u>	<u>12,033,067</u>	<u>880,822</u>	<u>11,938,797</u>
Total primary government	<u>\$ 68,560,229</u>	<u>\$ 19,894,209</u>	<u>\$ 14,558,325</u>	<u>\$ 15,385,849</u>
Component unit				
Dubuque Metropolitan Area Solid Waste Agency	<u>\$ 2,259,828</u>	<u>\$ 2,367,776</u>	<u>\$ 18,239</u>	<u>\$ -</u>
General revenues				
Property taxes				
Local option sales tax				
Hotel/motel tax				
Gaming				
Unrestricted investment earnings				
Loss on sale of capital assets				
Other				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning				
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
\$ (13,859,604)	\$ -	\$ (13,859,604)	\$ -
(3,153,456)	-	(3,153,456)	-
(610,765)	-	(610,765)	-
(4,868,818)	-	(4,868,818)	-
(995,672)	-	(995,672)	-
(3,622,893)	-	(3,622,893)	-
(1,605,326)	-	(1,605,326)	-
(28,716,534)	-	(28,716,534)	-
-	676,214	676,214	-
-	28,024	28,024	-
-	57,012	57,012	-
-	10,366,199	10,366,199	-
-	(159,702)	(159,702)	-
-	(973,059)	(973,059)	-
-	9,994,688	9,994,688	-
(28,716,534)	9,994,688	(18,721,846)	-
-	-	-	126,187
18,041,049	506,054	18,547,103	-
6,492,203	-	6,492,203	-
970,232	-	970,232	-
9,539,598	-	9,539,598	-
1,749,301	321,447	2,070,748	184,815
(149,650)	(168,001)	(317,651)	-
1,228,232	-	1,228,232	-
(7,720,462)	7,720,462	-	-
30,150,503	8,379,962	38,530,465	184,815
1,433,969	18,374,650	19,808,619	311,002
252,168,202	87,193,944	339,362,146	11,139,133
\$ 253,602,171	\$ 105,568,594	\$ 359,170,765	\$ 11,450,135

**CITY OF DUBUQUE, IOWA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2003**

**EXHIBIT 3**

	Special Revenue			Other	
	General	Employee Benefits	Community Development	Governmental Funds	Total
<b>ASSETS</b>					
Cash and pooled cash investments	\$ 15,869,856	\$ 89,384	\$ 1,781,241	\$ 17,773,509	\$ 35,513,990
Receivables					
Property tax					
Delinquent	106,839	16,092	-	7,267	130,198
Succeeding year	12,746,383	2,379,236	-	539,018	15,664,637
Accounts and other	1,271,256	-	-	21,867	1,293,123
Special assessments	-	-	-	534,465	534,465
Accrued interest	152,440	-	53,453	42,704	248,597
Notes	-	-	11,701,642	8,502	11,710,144
Intergovernmental	725,323	-	223,118	1,261,357	2,209,798
Due from other funds	372,691	-	-	-	372,691
Inventories	97,010	-	-	-	97,010
Advances to other funds	449,021	-	-	-	449,021
Prepaid items	4,352	-	6,278	-	10,630
Restricted assets					
Cash and pooled cash investments	-	-	-	262,701	262,701
Total Assets	<u>\$ 31,795,171</u>	<u>\$ 2,484,712</u>	<u>\$ 13,765,732</u>	<u>\$ 20,451,390</u>	<u>\$ 68,497,005</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,786,772	\$ -	\$ 34,213	\$ 566,638	\$ 2,387,623
Accrued payroll	212,621	108	7,398	31,098	251,225
Intergovernmental payable	-	-	-	19,265	19,265
Due to other funds	-	-	-	372,691	372,691
Deferred revenue					
Succeeding year property tax	12,746,383	2,379,236	-	539,018	15,664,637
Other	256,885	2,838	-	421,342	681,065
Total Liabilities	<u>15,002,661</u>	<u>2,382,182</u>	<u>41,611</u>	<u>1,950,052</u>	<u>19,376,506</u>
<b>FUND BALANCES</b>					
Reserved for/by					
Encumbrances	4,124,702	-	336,698	1,940,674	6,402,074
Long-term notes receivable	-	-	10,914,909	7,802	10,922,711
Advances	449,021	-	-	-	449,021
Bond ordinance	-	-	-	150,526	150,526
Debt service	-	-	-	83,833	83,833
Dog track	-	-	-	1,049,091	1,049,091
Franchise agreement	-	-	-	19,327	19,327
Endowments	-	-	-	22,391	22,391
Unreserved, reported in					
General fund					
Designated for future equipment and capital maintenance	9,018,759	-	-	-	9,018,759
Designated for future cash flow	2,556,000	-	-	-	2,556,000
Undesignated	644,028	-	-	-	644,028
Special revenue funds	-	102,530	2,472,514	9,311,587	11,886,631
Capital projects funds	-	-	-	5,846,016	5,846,016
Permanent funds	-	-	-	70,091	70,091
Total Fund Balances	<u>16,792,510</u>	<u>102,530</u>	<u>13,724,121</u>	<u>18,501,338</u>	<u>49,120,499</u>
Total Liabilities and Fund Balances	<u>\$ 31,795,171</u>	<u>\$ 2,484,712</u>	<u>\$ 13,765,732</u>	<u>\$ 20,451,390</u>	<u>\$ 68,497,005</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, 2003**

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**EXHIBIT 3-1**

Total fund balances - governmental funds \$ 49,120,499

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	\$ 297,880,195	
Accumulated depreciation	<u>(67,433,464)</u>	
		230,446,731

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>115,769</u>	
		558,794

Internal service funds are used by the City's management to  
charge the cost 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.

706,152

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	(19,865,000)	
Tax-increment financing bonds	(4,021,002)	
Notes payable	(962,167)	
Accrued interest	(133,230)	
Compensated absences	<u>(2,248,606)</u>	
		<u>(27,230,005)</u>

Net assets of governmental activities	<u>\$ 253,602,171</u>
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# CITY OF DUBUQUE, IOWA

## EXHIBIT 4

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2003

	General	Special Revenue		Other	Total
		Employee Benefits	Community Development	Governmental Funds	
REVENUES					
Taxes	\$ 17,169,640	\$ 1,873,514	\$ -	\$ 6,465,782	\$ 25,508,936
Special assessments	-	-	-	561,406	561,406
Licenses and permits	753,990	-	-	-	753,990
Intergovernmental	1,969,135	-	2,434,803	12,845,352	17,249,290
Charges for services	5,134,207	-	-	190,824	5,325,031
Fines and forfeits	465,787	-	-	-	465,787
Investment earnings	1,105,081	-	184,197	461,241	1,750,519
Contributions	325,003	-	-	122,957	447,960
Gaming	9,404,598	-	-	135,000	9,539,598
Miscellaneous	461,801	-	81,045	769,502	1,312,348
Total Revenues	36,789,242	1,873,514	2,700,045	21,552,064	62,914,865
EXPENDITURES					
Current					
Public safety	15,278,654	-	-	-	15,278,654
Public works	8,707,189	-	87,632	3,065,183	11,860,004
Health and social services	606,316	-	122,125	20,994	749,435
Culture and recreation	7,340,738	-	134,830	39,954	7,515,522
Community and economic development	1,259,356	-	2,733,799	5,017,713	9,010,868
General government	3,071,021	51,691	93,175	619,722	3,835,609
Debt service	55,773	-	-	3,622,232	3,678,005
Capital projects	-	-	-	9,930,311	9,930,311
Total Expenditures	36,319,047	51,691	3,171,561	22,316,109	61,858,408
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	470,195	1,821,823	(471,516)	(764,045)	1,056,457
OTHER FINANCING SOURCES (USES)					
Issuance of refunding bonds	-	-	-	150,000	150,000
Payment of refunded bonds	-	-	-	(150,000)	(150,000)
Transfers in	2,577,555	43,872	390,421	2,356,138	5,367,986
Transfers out	(8,120,144)	(1,873,216)	(4,838)	(11,075,607)	(21,073,805)
Sale of capital assets	117,239	-	-	-	117,239
Total Other Financing Sources (Uses)	(5,425,350)	(1,829,344)	385,583	(8,719,469)	(15,588,580)
CHANGE IN FUND BALANCES	(4,955,155)	(7,521)	(85,933)	(9,483,514)	(14,532,123)
FUND BALANCES, BEGINNING, AS RESTATED	21,747,665	110,051	13,810,054	27,984,852	63,652,622
FUND BALANCES, ENDING	\$ 16,792,510	\$ 102,530	\$ 13,724,121	\$ 18,501,338	\$ 49,120,499

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, 2003**

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Net change in fund balances - total governmental funds \$ (14,532,123)

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	\$ 11,986,141	
Transfers of capital assets from enterprise funds	7,432,958	
Depreciation expense	<u>(4,708,703)</u>	
		14,710,396

Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased (decreased) by these amounts this year:

Property tax	(5,450)	
Special assessments	(18,872)	
Other	<u>115,769</u>	
		91,447

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 repayments (\$2,159,986) exceeded the bond proceeds (\$150,000) by \$2,009,986.

2,009,986

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	62,692	
Increase in compensated absences	<u>(230,108)</u>	
Total additional expenses		(167,416)

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.

(678,321)

Change in net assets of governmental activities \$ 1,433,969

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2003**

	Business-type Activities -		
	Sewage Disposal Works	Water Utility	Parking Facilities
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash investments	\$ 4,590,500	\$ 3,518,407	\$ 638,925
Receivables			
Property tax			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	625,639	439,949	8,390
Accrued interest	24,997	13,238	7,054
Intergovernmental	120,159	-	-
Inventories	-	330,072	-
Prepaid items	5,037	-	-
Total Current Assets	<u>5,366,332</u>	<u>4,301,666</u>	<u>654,369</u>
<b>RESTRICTED ASSETS</b>			
Cash and pooled cash investments	<u>-</u>	<u>-</u>	<u>553,677</u>
<b>CAPITAL ASSETS</b>			
Land	175,671	76,697	1,296,209
Buildings	31,603,036	7,166,720	18,956,368
Improvements other than buildings	24,975,122	520,295	246,961
Machinery and equipment	6,269,877	28,522,900	598,197
Construction in progress	58,721	1,699,950	86,300
Accumulated depreciation	<u>(31,609,181)</u>	<u>(15,459,740)</u>	<u>(5,160,077)</u>
Net Capital Assets	<u>31,473,246</u>	<u>22,526,822</u>	<u>16,023,958</u>
 Total Assets	 <u>36,839,578</u>	 <u>26,828,488</u>	 <u>17,232,004</u>

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ 11,664	\$ 1,199,566	\$ 9,959,062	\$ 1,672,971
-	4,124	4,124	-
-	513,259	513,259	-
30,763	196,289	1,301,030	-
-	-	45,289	8,056
-	6,455	126,614	-
-	8,871	338,943	27,245
-	-	5,037	-
<u>42,427</u>	<u>1,928,564</u>	<u>12,293,358</u>	<u>1,708,272</u>
<u>-</u>	<u>-</u>	<u>553,677</u>	<u>-</u>
-	36,000	1,584,577	-
-	1,893,590	59,619,714	-
-	-	25,742,378	-
-	4,912,652	40,303,626	125,239
30,370,894	-	32,215,865	-
-	(2,761,831)	(54,990,829)	(60,819)
<u>30,370,894</u>	<u>4,080,411</u>	<u>104,475,331</u>	<u>64,420</u>
<u>30,413,321</u>	<u>6,008,975</u>	<u>117,322,366</u>	<u>1,772,692</u>

(continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2003**

	Business-type Activities -		
	Sewage Disposal Works	Water Utility	Parking Facilities
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 88,455	\$ 353,459	\$ 75,889
Accrued payroll	23,827	22,018	8,191
Notes payable - current	283,188	-	-
General obligation bonds payable - current	170,000	220,000	95,000
Revenue bonds payable - current	-	-	190,000
Accrued compensated absences	85,186	80,249	36,807
Accrued interest payable	24,651	7,172	24,227
Advances from other funds	-	449,021	-
Deferred revenue - succeeding year property tax	-	-	-
Total Current Liabilities	<u>675,307</u>	<u>1,131,919</u>	<u>430,114</u>
<b>NONCURRENT LIABILITIES</b>			
General obligation bonds payable (net of discount of \$24,486)	-	2,183,889	2,446,625
Revenue bonds payable (net of \$18,666 deferred amount on refunding)	-	-	1,331,334
Total Noncurrent Liabilities	<u>-</u>	<u>2,183,889</u>	<u>3,777,959</u>
Total Liabilities	<u>675,307</u>	<u>3,315,808</u>	<u>4,208,073</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	31,020,058	21,273,754	11,960,999
Restricted by bond ordinance	-	-	553,677
Unrestricted	5,144,213	2,238,926	509,255
Total Net Assets	<u>\$ 36,164,271</u>	<u>\$ 23,512,680</u>	<u>\$ 13,023,931</u>

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Governmental</u>
<u>America's</u> <u>River</u> <u>Project</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Activities-</u> <u>Internal</u> <u>Service Funds</u>
\$ 2,645,165	\$ 291,347	\$ 3,454,315	\$ 1,042,177
-	32,205	86,241	24,363
-	-	283,188	-
-	-	485,000	-
-	-	190,000	-
-	72,608	274,850	-
-	-	56,050	-
-	-	449,021	-
-	513,259	513,259	-
<u>2,645,165</u>	<u>909,419</u>	<u>5,791,924</u>	<u>1,066,540</u>
-	-	4,630,514	-
-	-	1,331,334	-
-	-	5,961,848	-
<u>2,645,165</u>	<u>909,419</u>	<u>11,753,772</u>	<u>1,066,540</u>
30,370,894	4,080,411	98,706,116	64,420
-	-	553,677	-
(2,602,738)	1,019,145	6,308,801	641,732
<u>\$ 27,768,156</u>	<u>\$ 5,099,556</u>	<u>\$ 105,568,594</u>	<u>\$ 706,152</u>



**CITY OF DUBUQUE, IOWA****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS****PROPRIETARY FUNDS****FOR THE YEAR ENDED JUNE 30, 2003**

	Business-type Activities -		
	Sewage Disposal Works	Water Utility	Parking Facilities
OPERATING REVENUES			
Charges for sales and services	\$ 4,293,740	\$ 3,964,302	\$ 1,425,991
Other	6,416	11,296	1,155
Total Operating Revenues	<u>4,300,156</u>	<u>3,975,598</u>	<u>1,427,146</u>
OPERATING EXPENSES			
Employee expense	1,581,034	1,555,020	549,283
Utilities	416,990	372,952	80,906
Repairs and maintenance	241,906	77,177	32,803
Supplies and services	1,224,987	1,149,860	163,097
Insurance	71,170	65,194	21,408
Depreciation	1,086,685	829,564	362,503
Total Operating Expenses	<u>4,622,772</u>	<u>4,049,767</u>	<u>1,210,000</u>
OPERATING INCOME (LOSS)	<u>(322,616)</u>	<u>(74,169)</u>	<u>217,146</u>
NONOPERATING REVENUES (EXPENSES)			
Taxes	-	-	-
Intergovernmental	-	-	-
Investment earnings	146,850	99,839	56,379
Contributions	96,300	-	-
Interest expense	(32,924)	(96,216)	(235,434)
Gain (loss) on disposal of assets	263	(68,192)	-
Total Nonoperating Revenues (Expenses)	<u>210,489</u>	<u>(64,569)</u>	<u>(179,055)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(112,127)</u>	<u>(138,738)</u>	<u>38,091</u>
CAPITAL CONTRIBUTIONS	935,454	198,409	75,300
TRANSFERS IN	-	-	6,716,575
TRANSFERS OUT	<u>(427,312)</u>	<u>(146,834)</u>	<u>(218,986)</u>
CHANGE IN NET ASSETS	396,015	(87,163)	6,610,980
NET ASSETS, BEGINNING, AS RESTATED	<u>35,768,256</u>	<u>23,599,843</u>	<u>6,412,951</u>
NET ASSETS, ENDING	<u>\$ 36,164,271</u>	<u>\$ 23,512,680</u>	<u>\$ 13,023,931</u>

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 2,165,822	\$ 11,849,855	\$ 5,727,900
147,695	16,650	183,212	3,688
<u>147,695</u>	<u>2,182,472</u>	<u>12,033,067</u>	<u>5,731,588</u>
-	2,115,805	5,801,142	1,527,874
479	54,148	925,475	17,191
-	311,427	663,313	10,021
414,276	1,080,618	4,032,838	5,149,435
75	126,910	284,757	290,141
-	507,147	2,785,899	9,068
<u>414,830</u>	<u>4,196,055</u>	<u>14,493,424</u>	<u>7,003,730</u>
<u>(267,135)</u>	<u>(2,013,583)</u>	<u>(2,460,357)</u>	<u>(1,272,142)</u>
-	506,054	506,054	-
10,452,571	880,822	11,333,393	-
18,379	-	321,447	41,301
150,000	-	246,300	-
-	-	(364,574)	-
-	(100,072)	(168,001)	121
<u>10,620,950</u>	<u>1,286,804</u>	<u>11,874,619</u>	<u>41,422</u>
10,353,815	(726,779)	9,414,262	(1,230,720)
30,763	-	1,239,926	-
15,671,910	283,600	22,672,085	553,639
<u>(14,149,533)</u>	<u>(8,958)</u>	<u>(14,951,623)</u>	<u>(1,240)</u>
11,906,955	(452,137)	18,374,650	(678,321)
<u>15,861,201</u>	<u>5,551,693</u>	<u>87,193,944</u>	<u>1,384,473</u>
<u>\$ 27,768,156</u>	<u>\$ 5,099,556</u>	<u>\$ 105,568,594</u>	<u>\$ 706,152</u>

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Business-type Activities -		
	Sewage Disposal Works	Water Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,335,847	\$ 4,016,428	\$ 1,424,066
Cash payments to suppliers for goods and services	(1,997,390)	(1,513,989)	(241,368)
Cash payments to employees for services	(1,569,951)	(1,534,999)	(545,930)
Other operating receipts	6,416	11,296	1,155
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>774,922</u>	<u>978,736</u>	<u>637,923</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	-
Transfers to other funds	(427,312)	(146,834)	(218,986)
Payment of interfund balances	(438,750)	(33,056)	-
Property tax receipts	-	-	-
Intergovernmental grant proceeds	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(866,062)</u>	<u>(179,890)</u>	<u>(218,986)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of property and equipment	263	-	-
Acquisition and construction of property and equipment	(1,490)	(2,171,749)	(124,284)
Proceeds from issuance of debt	315,000	2,640,000	-
Payment of debt	(458,335)	(371,111)	(270,958)
Interest paid	(15,432)	(89,044)	(237,116)
Contributions	96,300	-	-
Intergovernmental grant proceeds	3,335	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(60,359)</u>	<u>8,096</u>	<u>(632,358)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>157,569</u>	<u>105,026</u>	<u>56,895</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,070	911,968	(156,526)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>4,584,430</u>	<u>2,606,439</u>	<u>1,349,128</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 4,590,500</u>	<u>\$ 3,518,407</u>	<u>\$ 1,192,602</u>

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 2,183,082	\$ 11,959,423	\$ 5,903,697
1,854,597	(1,611,936)	(3,510,086)	(5,373,971)
-	(2,110,220)	(5,761,100)	(1,521,532)
147,695	16,650	183,212	3,688
2,002,292	(1,522,424)	2,871,449	(988,118)
15,671,910	283,600	15,955,510	553,639
-	(8,958)	(802,090)	(1,240)
-	-	(471,806)	(65,020)
-	509,190	509,190	-
-	1,080,669	1,080,669	-
15,671,910	1,864,501	16,271,473	487,379
-	-	263	121
(28,283,488)	(270,964)	(30,851,975)	-
-	-	2,955,000	-
-	-	(1,100,404)	-
-	-	(341,592)	-
150,000	-	246,300	-
10,452,571	-	10,455,906	-
(17,680,917)	(270,964)	(18,636,502)	121
18,379	7,376	345,245	49,388
11,664	78,489	851,665	(451,230)
-	1,121,077	9,661,074	2,124,201
\$ 11,664	\$ 1,199,566	\$ 10,512,739	\$ 1,672,971

(continued)

**CITY OF DUBUQUE, IOWA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Business-type Activities -		
	Sewage Disposal Works	Water Utility	Parking Facilities
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (322,616)	\$ (74,169)	\$ 217,146
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	1,086,685	829,564	362,503
Change in assets and liabilities			
Decrease (increase) in receivables	42,107	52,126	(1,925)
Decrease (increase) in inventories and prepaid items	-	(18,694)	-
Increase (decrease) in accounts payable	(42,337)	169,888	56,846
Increase in accrued liabilities	11,083	20,021	3,353
Total Adjustments	1,097,538	1,052,905	420,777
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 774,922	\$ 978,736	\$ 637,923
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributions of capital assets from other funds and outside sources	\$ 935,454	\$ 198,409	\$ 6,791,875
Contributions of capital assets to other funds	\$ -	\$ -	\$ -

See notes to financial statements.

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

<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>
<u>\$ (267,135)</u>	<u>\$ (2,013,583)</u>	<u>\$ (2,460,357)</u>	<u>\$ (1,272,142)</u>
-	507,147	2,785,899	9,068
-	17,260	109,568	175,797
-	(3,541)	(22,235)	2,146
2,269,427	(35,292)	2,418,532	90,671
-	5,585	40,042	6,342
<u>2,269,427</u>	<u>491,159</u>	<u>5,331,806</u>	<u>284,024</u>
<u>\$ 2,002,292</u>	<u>\$ (1,522,424)</u>	<u>\$ 2,871,449</u>	<u>\$ (988,118)</u>
<u>\$ 30,763</u>	<u>\$ -</u>	<u>\$ 7,956,501</u>	<u>\$ -</u>
<u>\$ 14,149,533</u>	<u>\$ -</u>	<u>\$ 14,149,533</u>	<u>\$ -</u>



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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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. Accounting Change
15. Restatement of Beginning Balances
16. Subsequent Event
17. New Governmental Accounting Standards Board (GASB) Standards

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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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 certain legally separate *component units* for which the primary government is financially accountable.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, interest, special assessments, and grants are susceptible to accrual. Sales taxes are considered measurable and available at the time the underlying transaction occurs provided they are collected by the City within 60 days after year-end. 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, 2003**

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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 *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 proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**Assets, Liabilities, and Equity**

*Deposits and Investments*

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 statute authorizes 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. Current year delinquent property taxes 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 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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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*Inventories and Prepaid Items*

Inventories included in the governmental funds is 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 is determined by actual count and priced on the FIFO basis.

Inventories included in internal service funds is stated at the lower of cost (FIFO basis) or market and consists 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 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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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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, proprietary, and fiduciary 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 recognized 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.



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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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 City's budget is prepared on the cash basis of accounting with an adjustment for accrual 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, 2003, was amended two times during the year to allow the City to increase function expenditures by approximately \$73,159,000, primarily for the carry-forward of unfinished capital improvement projects, expenditure of additional grants for capital improvements, and the expenditure of additional intergovernmental revenue for community development projects.

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

<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Public Safety	\$ 15,376,633	\$ 15,118,148	\$ 258,485
Public Works	7,836,612	7,003,174	833,438
Health and Social Services	995,112	724,045	271,067
Culture and Recreation	6,683,382	6,683,508	(126)
Community and Economic Development	9,643,537	8,955,522	688,015
General Government	4,082,502	4,016,214	66,288
Debt Service	3,977,525	3,683,088	294,437
Capital Projects	44,359,316	18,140,060	26,219,256
Business-type Activities	<u>82,584,825</u>	<u>43,036,278</u>	<u>39,548,547</u>
Expenditures/expenses – budgetary basis	<u>\$ 175,539,444</u>	107,360,037	<u>\$ 68,179,407</u>
Accrual adjustments		<u>(30,643,631)</u>	
Expenditures/expenses – GAAP basis		<u>\$ 76,716,406</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.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**Deficit Fund Equity**

The following funds had deficit fund balances/net assets amounts as of June 30, 2003:

Capital Projects	
Airport Construction	\$ 10,233
Internal Service	
General Service	8,981

**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 \$8,906 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 \$23,004,584 and the bank balance was \$28,382,301. The City's deposits in banks at June 30, 2003, 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 \$10,014,443 and the bank balance was \$10,549,975. The Agency's deposits in banks at June 30, 2003, 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, 2003, are as follows:

	Categories			Fair Value
	1	2	3	
U.S. Treasury Securities	\$ 306,188	\$ -	\$ -	\$ 306,188
Federal Agency Obligations	23,028,057	-	-	23,028,057
Corporate Stock	58,734	-	-	58,734
	<u>\$ 23,392,979</u>	<u>\$ -</u>	<u>\$ -</u>	23,392,979
Investment Pools:				
Mutual U.S. Government Bond Fund				<u>1,555,932</u>
Total Investments				<u>\$ 24,948,911</u>

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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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, 2003.

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

Cash on hand	\$ 8,906
Carrying amount of deposits	23,004,584
Carrying amount of investments	<u>24,948,911</u>
Total	<u>\$ 47,962,401</u>
Cash and pooled cash investments	\$ 47,146,023
Cash and pooled cash investments – temporarily restricted	793,987
Cash and pooled cash investments – permanently restricted	<u>22,391</u>
Total	<u>\$ 47,962,401</u>

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>10,014,443</u>
Total	<u>\$ 10,014,893</u>
Cash and pooled cash investments	\$ 6,936,033
Cash and pooled cash investments – temporarily restricted	<u>3,078,860</u>
Total	<u>\$ 10,014,893</u>

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS**

Interfund balances at June 30, 2003, 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 airport construction fund (\$228,173) and the tax increment financing fund (\$144,518) for deficit pooled cash balances. Advances to/from other fund balance of \$449,021 represent amounts due to the general fund from the water utility fund for a construction loan.

Interfund transfers for the year ended June 30, 2003, consisted of the following:

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

	Transfer from					
	General	Employee Benefits	Community Development	Nonmajor Governmental Funds	Sewage Disposal Works	Water Utility
Transfer to						
General	\$ -	\$ 1,873,216	\$ -	\$ 703,099	\$ -	\$ -
Employee benefits	-	-	-	43,872	-	-
Community development	300,421	-	-	90,000	-	-
Nonmajor governmental	925,169	-	-	877,413	416,879	136,677
Parking facilities	-	-	-	-	-	-
America's river project	6,297,991	-	200	9,158,905	-	-
Nonmajor enterprise	100,000	-	-	183,600	-	-
Internal service	496,563	-	4,638	18,718	10,433	10,157
	<u>\$ 8,120,144</u>	<u>\$ 1,873,216</u>	<u>\$ 4,838</u>	<u>\$ 11,075,607</u>	<u>\$ 427,312</u>	<u>\$ 146,834</u>

	Transfer from				
	Parking Facilities	America's River Project	Nonmajor Enterprise Funds	Internal Service Funds	Total
Transfer to					
General	\$ -	\$ -	\$ -	\$ 1,240	\$ 2,577,555
Employee benefits	-	-	-	-	43,872
Community development	-	-	-	-	390,421
Nonmajor governmental	-	-	-	-	2,356,138
Parking facilities	-	6,716,575	-	-	6,716,575
America's river project	214,814	-	-	-	15,671,910
Nonmajor enterprise	-	-	-	-	283,600
Internal service	4,172	-	8,958	-	553,639
	<u>\$ 218,986</u>	<u>\$ 6,716,575</u>	<u>\$ 8,958</u>	<u>\$ 1,240</u>	<u>28,593,710</u>

Transfer to general capital assets from America's river project	7,432,958
Total transfers out	<u>\$ 36,026,668</u>

**CITY OF DUBUQUE, IOWA**  
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In the fund statements, total transfers out of \$36,026,668 are greater than total transfers in of \$28,593,710 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 \$7,432,958 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, 2003, 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.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2003, was as follows:

**Primary Government:**

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 42,201,537	\$ 6,942,473	\$ (568,960)	\$ 48,575,050
Construction in progress	<u>14,524,286</u>	<u>15,944,253</u>	<u>(14,122,848)</u>	<u>16,345,691</u>
Total capital assets, not being depreciated	<u>56,725,823</u>	<u>22,886,726</u>	<u>(14,691,808)</u>	<u>64,920,741</u>
Capital assets, being depreciated:				
Buildings	38,054,919	461,264	(527,151)	37,989,032
Improvements other than buildings	8,412,173	629,020	(211,665)	8,829,528
Machinery and equipment	20,740,035	1,902,580	(894,342)	21,748,273
Infrastructure	<u>155,772,187</u>	<u>8,745,673</u>	<u>-</u>	<u>164,517,860</u>
Total capital assets being depreciated	<u>222,979,314</u>	<u>11,738,537</u>	<u>(1,633,158)</u>	<u>233,084,693</u>

**CITY OF DUBUQUE, IOWA**  
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	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	\$ (15,618,453)	\$ (693,602)	\$ 351,686	\$ (15,960,369)
Improvements other than buildings	(3,038,260)	(303,727)	164,092	(3,177,895)
Machinery and equipment	(8,471,905)	(1,534,053)	604,519	(9,401,439)
Infrastructure	<u>(36,766,696)</u>	<u>(2,187,884)</u>	<u>-</u>	<u>(38,954,580)</u>
Total accumulated depreciation	<u>(63,895,314)</u>	<u>(4,719,266)</u>	<u>1,120,297</u>	<u>(67,494,283)</u>
 Total capital assets, being depreciated, net	 <u>159,084,000</u>	 <u>7,019,271</u>	 <u>(512,861)</u>	 <u>165,590,410</u>
 Governmental activities capital assets, net	 <u>\$215,809,823</u>	 <u>\$ 29,905,997</u>	 <u>\$(15,204,669)</u>	 <u>\$230,511,151</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,335,936	\$ 1,450,717	\$ (6,202,076)	\$ 1,584,577
Construction in progress	<u>12,470,388</u>	<u>32,025,293</u>	<u>(12,279,816)</u>	<u>32,215,865</u>
Total capital assets, not being depreciated	<u>18,806,324</u>	<u>33,476,010</u>	<u>(18,481,892)</u>	<u>33,800,442</u>
 Capital assets, being depreciated:				
Buildings	52,529,264	7,090,450	-	59,619,714
Improvements other than buildings	24,280,566	1,461,812	-	25,742,378
Machinery and equipment	<u>39,624,852</u>	<u>1,557,486</u>	<u>(878,712)</u>	<u>40,303,626</u>
Total capital assets being depreciated	<u>116,434,682</u>	<u>10,109,748</u>	<u>(878,712)</u>	<u>125,665,718</u>
 Less accumulated depreciation for:				
Buildings	(32,279,791)	(876,384)	-	(33,156,175)
Improvements other than buildings	(5,311,349)	(604,645)	-	(5,915,994)
Machinery and equipment	<u>(15,097,320)</u>	<u>(1,441,424)</u>	<u>620,084</u>	<u>(15,918,660)</u>
Total accumulated depreciation	<u>(52,688,460)</u>	<u>(2,922,453)</u>	<u>620,084</u>	<u>(54,990,829)</u>
 Total capital assets, being depreciated, net	 <u>63,746,222</u>	 <u>7,187,295</u>	 <u>(258,628)</u>	 <u>70,674,889</u>
 Business-type activities capital assets, net	 <u>\$ 82,552,546</u>	 <u>\$ 40,663,305</u>	 <u>\$(18,740,520)</u>	 <u>\$104,475,331</u>

(continued on next page)

**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	\$ 473,292
Public works	3,236,918
Health and social services	7,718
Culture and recreation	839,106
Community and economic development	26,658
General government	<u>125,011</u>
Total depreciation expense – governmental activities	<u>\$ 4,708,703</u>

Business-type activities:	
Sewage disposal works	\$ 1,086,685
Water utility	829,564
Parking facilities	362,503
Refuse collection	184,386
Transit system	<u>322,761</u>
Total depreciation expense – business-type activities	<u>\$ 2,785,899</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	<u>\$ 552,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 552,528</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>-</u>	<u>-</u>	<u>1,827,636</u>
Total capital assets being depreciated	<u>7,765,751</u>	<u>-</u>	<u>-</u>	<u>7,765,751</u>
Less accumulated depreciation for:				
Buildings	(44,349)	-	-	(44,349)
Improvements other than buildings	(3,277,773)	(282,549)	-	(3,560,322)
Machinery and equipment	<u>(1,222,358)</u>	<u>(191,956)</u>	<u>-</u>	<u>(1,414,314)</u>
Total accumulated depreciation	<u>(4,544,480)</u>	<u>(474,505)</u>	<u>-</u>	<u>(5,018,985)</u>
Total capital assets, being depreciated, net	<u>3,221,271</u>	<u>(474,505)</u>	<u>-</u>	<u>2,746,766</u>
Dubuque Metropolitan Area Solid Waste Agency capital assets, net	<u>\$ 3,773,799</u>	<u>\$ (474,505)</u>	<u>\$ -</u>	<u>\$ 3,299,294</u>

Depreciation expense of \$474,505 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

**CITY OF DUBUQUE, IOWA**  
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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 \$24,375,000. During the year, general obligation bonds totaling \$3,105,000 were issued to refund general obligation bonds and to fund a new water main and tower.

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, 2003, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate purpose	07/01/95	05/01/96-05/01/05	4.80-4.90%	\$ 2,000,000	\$ 650,000
Corporate purpose	06/01/00	06/01/02-06/01/20	5.80-5.88	2,750,000	2,565,000
Corporate purpose	11/01/00	06/01/02-06/01/20	5.00-5.25	6,265,000	5,845,000
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	2,860,000
Corporate purpose	03/26/02	06/01/03-06/01/21	3.75-5.00	1,000,000	980,000
Corporate purpose and refunding	12/03/02	06/01/03-06/01/17	2.50-4.30	<u>3,105,000</u>	<u>2,605,000</u>
				<u>\$ 27,480,000</u>	<u>\$ 25,005,000</u>

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 855,000	\$ 929,474	\$ 485,000	\$ 239,232
2005	1,315,000	890,361	240,000	223,971
2006	590,000	832,911	250,000	213,972
2007	830,000	806,598	265,000	203,531
2008	875,000	770,530	270,000	192,362
2009-2013	5,175,000	3,220,722	1,520,000	769,441
2014-2018	6,225,000	1,925,845	1,675,000	372,204
2019-2021	<u>4,000,000</u>	<u>377,888</u>	<u>435,000</u>	<u>38,616</u>
Total	<u>\$ 19,865,000</u>	<u>\$ 9,754,329</u>	<u>\$ 5,140,000</u>	<u>\$ 2,253,329</u>



**CITY OF DUBUQUE, IOWA**  
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**Tax-Increment Financing Bonds.** The City issues tax-increment financing bonds to provide funds for urban renewal projects. The City pledges property tax revenues from the tax-increment financing districts to pay debt service. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Tax-increment financing bonds outstanding at June 30, 2003, 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	6.0-9.0%	\$ 900,000	\$ 754,069
Categraph Systems	12/01/99	12/31/01-12/31/10	8.8	360,000	303,798
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1	3,168,538	2,963,135
				<u>\$ 4,428,538</u>	<u>\$ 4,021,002</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>
2004	\$ 340,590	\$ 334,782
2005	369,501	305,871
2006	400,911	274,461
2007	435,061	240,311
2008	472,192	203,180
2009-2012	<u>2,002,747</u>	<u>385,239</u>
Total	<u>\$ 4,021,002</u>	<u>\$ 1,743,844</u>

**Revenue Bonds.** The City also issues bonds where the City pledges income derived from 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, 2003, 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	4.40-4.75%	<u>\$ 2,515,000</u>	<u>\$ 1,540,000</u>

**CITY OF DUBUQUE, IOWA**  
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Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Business-Type Activities	
	Principal	Interest
2004	\$ 190,000	\$ 70,885
2005	200,000	62,525
2006	210,000	53,525
2007	220,000	43,970
2008	230,000	33,850
2009-2012	490,000	35,030
Total	\$ 1,540,000	\$ 299,785

**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, 2003, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Economic development	02/27/98	07/01/03	4.40%	\$ 655,500	\$ 655,500
Economic development	07/15/99	07/01/00-07/01/04	None	800,000	266,667
Land purchase	06/30/00	07/01/03	6.00	320,000	283,188
Fiber optic line	02/25/02	07/01/04	None	40,000	40,000
				\$ 1,815,500	\$ 1,245,355

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 922,167	\$ 28,842	\$ 283,188	\$ 24,398
2005	40,000	-	-	-
Total	\$ 962,167	\$ 28,842	\$ 283,188	\$ 24,398

**Current Refunding.** The City issued \$605,000 of general obligation bonds for a current refunding of \$595,000 of general obligation bonds. The refunding was undertaken to reduce interest rates from 5.13% to 2.50%. The reacquisition price equaled the net carrying amount of the old debt. The transaction resulted in an economic gain of \$10,898 and a reduction of \$10,278 in future debt service payments.

**CITY OF DUBUQUE, IOWA**  
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**Changes in Long-term Liabilities.** Long-term liability activity for the year ended June 30, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 20,945,000	\$ 150,000	\$ (1,230,000)	\$ 19,865,000	\$ 855,000
Tax-increment financing bonds	4,334,988	-	(313,986)	4,021,002	340,590
Notes payable	1,578,167	-	(616,000)	962,167	922,167
Compensated absences	<u>2,018,498</u>	<u>2,248,606</u>	<u>(2,018,498)</u>	<u>2,248,606</u>	<u>2,248,606</u>
	<u>\$ 28,876,653</u>	<u>\$ 2,398,606</u>	<u>\$ (4,178,484)</u>	<u>\$ 27,096,775</u>	<u>\$ 4,366,363</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 3,105,000	\$ 2,955,000	\$ (920,000)	\$ 5,140,000	\$ 485,000
Less: Unamortized discounts	<u>(24,750)</u>	<u>(1,111)</u>	<u>1,375</u>	<u>(24,486)</u>	<u>-</u>
Total general obligation bonds	<u>3,080,250</u>	<u>2,953,889</u>	<u>(918,625)</u>	<u>5,115,514</u>	<u>485,000</u>
Revenue bonds	1,720,000	-	(180,000)	1,540,000	190,000
Less: Deferred amounts on refunding	<u>(21,333)</u>	<u>-</u>	<u>2,667</u>	<u>(18,666)</u>	<u>-</u>
Total revenue bonds	<u>1,698,667</u>	<u>-</u>	<u>(177,333)</u>	<u>1,521,334</u>	<u>190,000</u>
Notes payable	286,523	-	(3,335)	283,188	283,188
Compensated absences	<u>265,866</u>	<u>274,850</u>	<u>(265,866)</u>	<u>274,850</u>	<u>274,850</u>
	<u>\$ 5,331,306</u>	<u>\$ 3,228,739</u>	<u>\$ (1,365,159)</u>	<u>\$ 7,194,886</u>	<u>\$ 1,233,038</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 \$5,520,000 for 2003. 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**  
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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 2003. 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 \$757,944 in the Health Insurance Reserve Fund and \$281,128 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, 2002 and 2003, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
Liabilities at June 30, 2001	\$ 536,508	\$ 176,549
Claims and changes in estimates during fiscal year 2002	3,706,029	459,078
Claim payments	<u>(3,634,035)</u>	<u>(309,876)</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	<u>\$ 757,944</u>	<u>\$ 281,128</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 with over 475 members from 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**  
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Each member's annual casualty contributions to the Pool fund current operations and a reserve fund. 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. During the first six years of membership, a portion of the member's contribution is allocated to a Cumulative Reserve Fund. Thereafter, no further annual contribution shall be made to the Cumulative Reserve Fund unless the Board shall require further annual contributions for the purpose of maintaining the Cumulative Reserve Fund at a level equal to 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'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, 2003, were \$404,978.

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 \$15,000,000, such excess coverage is also reinsured. Automobile physical damage risks are retained by the Pool up to \$50,000 each accident, each location, with excess coverage reinsured on an individual-member basis. 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. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the City's financial statements. As of June 30, 2003, 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 may withdraw from the Pool at anniversary. If the notice to withdraw is within a 60 day period of the anniversary date, the member forfeits all rights to their interest in the vested Cumulative Reserve Fund. 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 reserve contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its Cumulative Reserve Fund, 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**  
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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, 2003.

**Litigation**

The City's corporation counsel reported that as of June 30, 2003, 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, 2003. The City has additional commitments for signed construction contracts of approximately \$15,219,000 as of June 30, 2003. 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, 2003, 57 retirees were eligible for these benefits, and the cost of the benefits for the fiscal year ended June 30, 2003, totaled \$22,396.

**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, Urbandale, Iowa, 50322.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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Plan members are required to contribute 9.35% of earnable compensation, and the City's contribution rate may not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2003, 2002, and 2001, were \$1,425,337, \$1,338,824, and \$1,327,178, 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, 2003, 2002, and 2001, were \$918,374, \$834,972, and \$828,947, 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, 2003, there were four series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$8,353,474.

**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 \$1,904,315 reported as landfill closure and postclosure care liability at June 30, 2003, 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 55 percent of the estimated capacity of cells 5 and 6. The Agency will recognize the remaining estimated cost of closure and postclosure care of \$844,642 as the remaining capacity is filled.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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These amounts are based on what it would cost to perform all closure and postclosure care in 2003. The Agency expects to close cells 3 and 4 in 2004 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, 2003, funds have been restricted for closure and postclosure costs in the amount of \$2,748,957, 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, 2003, the City has received 11 million of the grant proceeds.

**NOTE 14 – ACCOUNTING CHANGE**

Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* was implemented during the year ended June 30, 2003. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*; were implemented during fiscal year 2003. The statements create new basic financial statements for reporting the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements report the City's governmental activities, business-type activities, and component unit. Governmental activities now include capital assets, the Internal Service Fund and the changes in assets and liabilities at July 1, 2002, resulting from the conversion to the accrual basis of accounting.



**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**NOTE 15 – RESTATEMENT OF BEGINNING BALANCES**

The restatement of fund balances/net assets was due to the following:

Governmental Accounting Standards Board (GASB) Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* was implemented during the year ended June 30, 2003. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

The expendable gifts of the previously reported Library Gifts Trust fund balance were restated into the Library Expendable Gifts Trust.

A note payable, which was inadvertently recorded as a general government liability previously, was restated as a Sewage Disposal Works liability.

Several notes receivable, which were inadvertently expensed in the previous year, have been recorded.

Restatement of fund balances/net assets previously reported are as follows:

	<u>General</u>	<u>Community Development</u>	<u>Section VIII Housing</u>	<u>Library Expendable Gifts Trust</u>	<u>Library Gifts Trust</u>	<u>Sewage Disposal Works</u>
Fund balances/net assets						
June 30, 2002, as						
previously reported	\$ 21,361,226	\$ 13,477,608	\$ 453,616	\$ -	\$ 64,738	\$ 35,814,896
Adjustments						
Effect of implementing						
GASB interpretation						
No. 6	386,439	7,284	26,372	-	-	-
Effect of restatement						
of expendable gifts	-	-	-	44,928	(44,928)	-
Effect of restatement						
of note payable	-	-	-	-	-	(46,640)
Effect of restatement						
of notes receivable	-	325,162	-	-	-	-
Fund balances/net assets						
June 30, 2002, as						
restated	<u>\$ 21,747,665</u>	<u>\$ 13,810,054</u>	<u>\$ 479,988</u>	<u>\$ 44,928</u>	<u>\$ 19,810</u>	<u>\$ 35,768,256</u>

**NOTE 16 – SUBSEQUENT EVENT**

On September 15, 2003, the City issued \$2,110,000 in General Obligation Bonds to finance storm water projects. The interest rates on the bonds range from 3.20-4.75% percent and the final maturity date is June 1, 2023.

**CITY OF DUBUQUE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**NOTE 17 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS**

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

Statement No. 39, *Determining Whether Certain Organizations are Component Units*, issued May 2002, will be effective for the City for the fiscal year ending June 30, 2004. This statement amends Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations for which the City is not financially accountable should be reported as component units based on the nature and significance of their relationship with the City.

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.

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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 17,417,330	\$ 17,417,330	\$ 17,195,739	\$ (221,591)
Licenses and permits	866,391	866,391	745,538	(120,853)
Intergovernmental	1,567,257	5,224,985	2,149,137	(3,075,848)
Charges for services	8,147,846	5,169,885	5,056,960	(112,925)
Fines and forfeits	395,323	395,323	411,584	16,261
Investment earnings	783,753	783,753	1,018,513	234,760
Contributions	120,308	735,795	325,003	(410,792)
Gaming	5,093,954	8,297,267	9,400,210	1,102,943
Miscellaneous	515,095	549,095	494,854	(54,241)
Total Revenues	<u>34,907,257</u>	<u>39,439,824</u>	<u>36,797,537</u>	<u>(2,642,287)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	15,238,412	16,044,074	15,355,160	688,915
Public works	5,841,686	16,727,033	9,139,887	7,587,146
Health and social services	509,089	681,827	618,165	63,662
Culture and recreation	7,174,686	9,119,003	7,283,700	1,835,304
Community and economic development	2,599,951	2,311,168	1,570,303	740,865
General government	3,750,604	3,772,536	3,648,925	123,611
Debt service	55,796	55,796	55,773	23
Total Expenditures	<u>35,170,224</u>	<u>48,711,438</u>	<u>37,671,912</u>	<u>11,039,526</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(262,967)</u>	<u>(9,271,614)</u>	<u>(874,375)</u>	<u>8,397,239</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,078,465	3,617,725	3,190,820	(426,905)
Transfers out	(5,423,176)	(12,595,408)	(7,793,257)	4,802,151
Sale of capital assets	-	1,692,025	1,167,239	(524,786)
Total Other Financing Sources (Uses)	<u>(2,344,711)</u>	<u>(7,285,658)</u>	<u>(3,435,198)</u>	<u>3,850,460</u>
CHANGE IN FUND BALANCES	<u>(2,607,678)</u>	<u>(16,557,272)</u>	<u>(4,309,573)</u>	<u>12,247,699</u>
FUND BALANCES, BEGINNING	<u>19,868,670</u>	<u>19,868,670</u>	<u>19,868,670</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 17,260,992</u>	<u>\$ 3,311,398</u>	<u>\$ 15,559,097</u>	<u>\$ 12,247,699</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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
REVENUES				
Taxes	\$ 1,924,368	\$ 1,924,368	\$ 1,897,825	\$ (26,543)
EXPENDITURES				
Current				
General government	204	53,204	51,583	1,621
EXCESS OF REVENUES OVER EXPENDITURES	1,924,164	1,871,164	1,846,243	(24,921)
OTHER FINANCING SOURCES (USES)				
Transfers in	43,872	43,872	43,872	-
Transfers out	(1,968,036)	(1,968,036)	(1,873,216)	94,820
Total Other Financing Sources (Uses)	(1,924,164)	(1,924,164)	(1,829,344)	94,820
CHANGE IN FUND BALANCES	-	(53,000)	16,898	69,898
FUND BALANCES, BEGINNING	72,486	72,486	72,486	-
FUND BALANCES, ENDING	\$ 72,486	\$ 19,486	\$ 89,384	\$ 69,898

**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, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget-Positive (Negative)
REVENUES				
Intergovernmental	\$ 6,215,155	\$ 5,946,862	\$ 3,024,062	\$ (2,922,800)
Investment earnings	97,493	97,493	120,517	23,024
Miscellaneous	568,863	741,864	939,831	197,967
Total Revenues	6,881,511	6,786,219	4,084,410	(2,701,809)
EXPENDITURES				
Current				
Public works	404,187	404,187	89,848	314,340
Health and social services	142,876	142,876	127,712	15,165
Culture and recreation	126,761	159,557	143,841	15,717
Community and economic development	6,187,667	6,995,003	4,096,685	2,898,317
General government	246,265	89,902	81,280	8,622
Total Expenditures	7,107,756	7,791,526	4,539,366	3,252,160
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(226,245)	(1,005,307)	(454,956)	550,351
OTHER FINANCING SOURCES (USES)				
Transfers in	278,900	303,900	127,982	(175,918)
Transfers out	(356,645)	(630,263)	(54,545)	575,718
Total Other Financing Sources (Uses)	(77,745)	(326,363)	73,437	399,800
CHANGE IN FUND BALANCES	(303,990)	(1,331,670)	(381,519)	950,151
FUND BALANCES, BEGINNING	2,158,801	2,158,801	2,158,801	-
FUND BALANCES, ENDING	\$ 1,854,811	\$ 827,131	\$ 1,777,282	\$ 950,151

**CITY OF DUBUQUE, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY REPORTING**  
**FOR THE YEAR ENDED JUNE 30, 2003**

In accordance with the Code of Iowa, the City 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	\$ 36,797,537	\$ (8,295)	\$ 36,789,242
Expenditures	<u>37,671,912</u>	<u>(1,352,865)</u>	<u>36,319,047</u>
Excess (deficiency) of revenues over (under) expenditures	(874,375)	1,344,570	470,195
Other financing sources (uses)	<u>(3,435,198)</u>	<u>(1,990,152)</u>	<u>(5,425,350)</u>
Net	(4,309,573)	(645,582)	(4,955,155)
Fund balance, beginning, as restated	<u>19,868,670</u>	<u>1,878,995</u>	<u>21,747,665</u>
Fund balance, ending	<u>\$ 15,559,097</u>	<u>\$ 1,233,413</u>	<u>\$ 16,792,510</u>

	Employee Benefits Fund		
	Budgetary Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 1,897,825	\$ (24,311)	\$ 1,873,514
Expenditures	<u>51,583</u>	<u>108</u>	<u>51,691</u>
Excess (deficiency) of revenues over (under) expenditures	1,846,243	(24,420)	1,821,823
Other financing sources (uses)	<u>(1,829,344)</u>	<u>-</u>	<u>(1,829,344)</u>
Net	16,898	(24,419)	(7,521)
Fund balance, beginning	<u>72,486</u>	<u>37,565</u>	<u>110,051</u>
Fund balance, ending	<u>\$ 89,384</u>	<u>\$ 13,146</u>	<u>\$ 102,530</u>

(continued on next page)

**CITY OF DUBUQUE, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY REPORTING**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Community Development Fund		
	Budgetary Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 4,084,410	\$ (1,384,365)	\$ 2,700,045
Expenditures	<u>4,539,366</u>	<u>(1,367,805)</u>	<u>3,171,561</u>
Deficiency of revenues under expenditures	(454,956)	(16,560)	(471,516)
Other financing sources (uses)	<u>73,437</u>	<u>312,146</u>	<u>385,583</u>
Net	(381,519)	295,586	(85,933)
Fund balance, beginning, as restated	<u>2,158,801</u>	<u>11,651,253</u>	<u>13,810,054</u>
Fund balance, ending	<u>\$ 1,777,282</u>	<u>\$ 11,946,839</u>	<u>\$ 13,724,121</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 mod rehab 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 account for resources used for the acquisition of fixed assets 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, 2003**

	<u>Road Use Tax</u>	<u>Section VIII Housing</u>	<u>Tort Liability</u>
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 5,994,933	\$ 460,512	\$ 18,305
Receivables			
Property tax			
Delinquent	-	-	1,934
Succeeding year	-	-	272,766
Accounts and other	-	-	-
Special assessments	-	-	-
Accrued interest	-	-	-
Notes	-	8,502	-
Intergovernmental	353,207	75,630	-
Restricted assets			
Cash and pooled cash investments	-	-	-
 Total Assets	 <u>\$ 6,348,140</u>	 <u>\$ 544,644</u>	 <u>\$ 293,005</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 27,472	\$ 34,521	\$ -
Accrued payroll	25,367	4,147	-
Intergovernmental payable	-	19,265	-
Due to other funds	-	-	-
Deferred revenue			
Succeeding year property tax	-	-	272,766
Other	-	-	341
Total Liabilities	<u>52,839</u>	<u>57,933</u>	<u>273,107</u>
<b>FUND BALANCES</b>			
Reserved for/by			
Encumbrances	20,363	31,812	-
Long-term notes receivable	-	7,802	-
Bond ordinance	-	-	-
Debt service	-	-	-
Dog track	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, reported in			
Special revenue funds	6,274,938	447,097	19,898
Capital projects funds	-	-	-
Permanent funds	-	-	-
Total Fund Balances	<u>6,295,301</u>	<u>486,711</u>	<u>19,898</u>
 Total Liabilities and Fund Balances	 <u>\$ 6,348,140</u>	 <u>\$ 544,644</u>	 <u>\$ 293,005</u>

Special Revenue					
Police and Fire Retirement	Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
\$ 108,760	\$ 1,610,760	\$ -	\$ 885,024	\$ 70,478	\$ 77,128
-	-	-	-	-	5,333
-	-	-	-	-	266,252
-	-	-	21,867	-	-
-	534,465	-	-	-	-
-	8,195	2,643	4,881	155	2,663
-	-	-	-	-	-
-	-	-	-	-	-
-	-	150,526	19,327	-	-
<u>\$ 108,760</u>	<u>\$ 2,153,420</u>	<u>\$ 153,169</u>	<u>\$ 931,099</u>	<u>\$ 70,633</u>	<u>\$ 351,376</u>
\$ -	\$ -	\$ -	\$ 22,957	\$ 1,591	\$ 350
-	-	-	1,584	-	-
-	-	-	-	-	-
-	-	144,518	-	-	-
-	-	-	-	-	266,252
-	420,060	-	-	-	941
-	420,060	144,518	24,541	1,591	267,543
-	-	-	86,561	303	-
-	-	-	-	-	-
-	-	150,526	-	-	-
-	-	-	-	-	83,833
-	-	-	-	-	-
-	-	-	19,327	-	-
-	-	-	-	-	-
108,760	1,733,360	(141,875)	800,670	68,739	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>108,760</u>	<u>1,733,360</u>	<u>8,651</u>	<u>906,558</u>	<u>69,042</u>	<u>83,833</u>
<u>\$ 108,760</u>	<u>\$ 2,153,420</u>	<u>\$ 153,169</u>	<u>\$ 931,099</u>	<u>\$ 70,633</u>	<u>\$ 351,376</u>

(continued)

**CITY OF DUBUQUE, IOWA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2003**

	<u>Capital</u>		
	<u>Street Construction</u>	<u>Storm Sewer Construction</u>	<u>Dog Track Depreciation</u>
<b>ASSETS</b>			
Cash and pooled cash investments	\$ 824,051	\$ 1,034,879	\$ 1,043,832
Receivables			
Property tax			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts and other	-	-	-
Special assessments	-	-	-
Accrued interest	4,536	3,819	5,259
Notes	-	-	-
Intergovernmental	349,034	2,407	-
Restricted assets			
Cash and pooled cash investments	-	-	-
 Total Assets	<u>\$ 1,177,621</u>	<u>\$ 1,041,105</u>	<u>\$ 1,049,091</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 43,247	\$ 19,464	\$ -
Accrued payroll	-	-	-
Intergovernmental payable	-	-	-
Due to other funds	-	-	-
Deferred revenue			
Succeeding year property tax	-	-	-
Other	-	-	-
Total Liabilities	<u>43,247</u>	<u>19,464</u>	<u>-</u>
<b>FUND BALANCES</b>			
Reserved for/by			
Encumbrances	1,232,550	105,404	-
Long-term notes receivable	-	-	-
Bond ordinance	-	-	-
Debt service	-	-	-
Dog track	-	-	1,049,091
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, reported in			
Special revenue funds	-	-	-
Capital projects funds	(98,176)	916,237	-
Permanent funds	-	-	-
Total Fund Balances	<u>1,134,374</u>	<u>1,021,641</u>	<u>1,049,091</u>
 Total Liabilities and Fund Balances	<u>\$ 1,177,621</u>	<u>\$ 1,041,105</u>	<u>\$ 1,049,091</u>

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

Projects			Permanent Funds		Total
General Construction	Airport Construction	Sales Tax Construction	Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ 4,135,508	\$ -	\$ 1,509,339	\$ -	\$ -	\$ 17,773,509
-	-	-	-	-	7,267
-	-	-	-	-	539,018
-	-	-	-	-	21,867
-	-	-	-	-	534,465
1,365	-	8,901	-	287	42,704
-	-	-	-	-	8,502
-	248,390	232,689	-	-	1,261,357
-	-	-	73,688	19,160	262,701
<u>\$ 4,136,873</u>	<u>\$ 248,390</u>	<u>\$ 1,750,929</u>	<u>\$ 73,688</u>	<u>\$ 19,447</u>	<u>\$ 20,451,390</u>
\$ 380,413	\$ 30,450	\$ 6,173	\$ -	\$ -	\$ 566,638
-	-	-	-	-	31,098
-	-	-	-	-	19,265
-	228,173	-	-	-	372,691
-	-	-	-	-	539,018
-	-	-	-	-	421,342
<u>380,413</u>	<u>258,623</u>	<u>6,173</u>	<u>-</u>	<u>-</u>	<u>1,950,052</u>
429,758	19,805	13,465	-	653	1,940,674
-	-	-	-	-	7,802
-	-	-	-	-	150,526
-	-	-	-	-	83,833
-	-	-	-	-	1,049,091
-	-	-	-	-	19,327
-	-	-	10,391	12,000	22,391
-	-	-	-	-	9,311,587
3,326,702	(30,038)	1,731,291	-	-	5,846,016
-	-	-	63,297	6,794	70,091
<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>\$ 4,136,873</u>	<u>\$ 248,390</u>	<u>\$ 1,750,929</u>	<u>\$ 73,688</u>	<u>\$ 19,447</u>	<u>\$ 20,451,390</u>

**CITY OF DUBUQUE, IOWA****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****NONMAJOR GOVERNMENTAL FUNDS****FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Road Use Tax</u>	<u>Section VIII Housing</u>	<u>Tort Liability</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 225,745
Special assessments	-	-	-
Intergovernmental	4,657,518	4,663,840	-
Charges for services	-	-	-
Investment earnings	-	1,082	-
Contributions	-	-	-
Gaming	-	-	-
Miscellaneous	-	13,293	-
Total Revenues	<u>4,657,518</u>	<u>4,678,215</u>	<u>225,745</u>
EXPENDITURES			
Current			
Public works	3,065,183	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	4,665,649	-
General government	24,669	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total Expenditures	<u>3,089,852</u>	<u>4,665,649</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,567,666</u>	<u>12,566</u>	<u>225,745</u>
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	-	-	-
Payment of refunded bonds	-	-	-
Transfers in	-	-	-
Transfers out	<u>(233,594)</u>	<u>(5,843)</u>	<u>(224,795)</u>
Total Other Financing Sources (Uses)	<u>(233,594)</u>	<u>(5,843)</u>	<u>(224,795)</u>
CHANGE IN NET ASSETS	1,334,072	6,723	950
FUND BALANCES, BEGINNING, AS RESTATED	<u>4,961,229</u>	<u>479,988</u>	<u>18,948</u>
FUND BALANCES, ENDING	<u>\$ 6,295,301</u>	<u>\$ 486,711</u>	<u>\$ 19,898</u>

Special Revenue					
Police and Fire Retirement	Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
\$ -	\$ -	\$ 2,255,539	\$ -	\$ -	\$ 738,396
-	561,406	-	-	-	-
-	-	-	-	-	672,375
-	-	-	-	-	-
-	104,584	21,526	33,576	1,988	13,303
-	-	-	-	60,205	-
-	-	-	-	-	-
-	-	-	550,377	-	-
-	665,990	2,277,065	583,953	62,193	1,424,074
-	-	-	-	-	-
-	-	-	20,994	-	-
-	-	-	-	38,080	-
-	-	352,064	-	-	-
-	-	-	568,919	-	3,457
-	-	1,892,766	-	-	1,729,466
-	-	-	-	-	-
-	-	2,244,830	589,913	38,080	1,732,923
-	665,990	32,235	(5,960)	24,113	(308,849)
-	-	-	-	-	150,000
-	-	-	-	-	(150,000)
-	-	-	-	-	174,922
(263,872)	(112,972)	(158,425)	(4,303)	-	-
(263,872)	(112,972)	(158,425)	(4,303)	-	174,922
(263,872)	553,018	(126,190)	(10,263)	24,113	(133,927)
372,632	1,180,342	134,841	916,821	44,929	217,760
\$ 108,760	\$ 1,733,360	\$ 8,651	\$ 906,558	\$ 69,042	\$ 83,833

(continued)



**CITY OF DUBUQUE, IOWA****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****NONMAJOR GOVERNMENTAL FUNDS****FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Capital</u>		
	<u>Street Construction</u>	<u>Storm Sewer Construction</u>	<u>Dog Track Depreciation</u>
REVENUES			
Taxes	\$ 1,947,661	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental	297,780	214,654	-
Charges for services	-	-	-
Investment earnings	-	23,902	32,929
Contributions	62,752	-	-
Gaming	-	-	120,000
Miscellaneous	<u>57,153</u>	<u>524</u>	<u>-</u>
Total Revenues	<u>2,365,346</u>	<u>239,080</u>	<u>152,929</u>
EXPENDITURES			
Current			
Public works	-	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	-
General government	-	-	-
Debt service	-	-	-
Capital projects	<u>5,541,053</u>	<u>972,888</u>	<u>-</u>
Total Expenditures	<u>5,541,053</u>	<u>972,888</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,175,707)</u>	<u>(733,808)</u>	<u>152,929</u>
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	-	-	-
Payment of refunded bonds	-	-	-
Transfers in	802,292	1,120,000	-
Transfers out	<u>-</u>	<u>(142,689)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>802,292</u>	<u>977,311</u>	<u>-</u>
CHANGE IN NET ASSETS	(2,373,415)	243,503	152,929
FUND BALANCES, BEGINNING, AS RESTATED	<u>3,507,789</u>	<u>778,138</u>	<u>896,162</u>
FUND BALANCES, ENDING	<u>\$ 1,134,374</u>	<u>\$ 1,021,641</u>	<u>\$ 1,049,091</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
\$ -	\$ -	\$ 1,298,441	\$ -	\$ -	\$ 6,465,782
-	-	-	-	-	561,406
627,065	1,712,120	-	-	-	12,845,352
-	190,824	-	-	-	190,824
170,459	1,693	56,969	(408)	(362)	461,241
-	-	-	-	-	122,957
15,000	-	-	-	-	135,000
21,381	126,774	-	-	-	769,502
<u>833,905</u>	<u>2,031,411</u>	<u>1,355,410</u>	<u>(408)</u>	<u>(362)</u>	<u>21,552,064</u>
-	-	-	-	-	3,065,183
-	-	-	-	-	20,994
-	-	-	1,874	-	39,954
-	-	-	-	-	5,017,713
22,677	-	-	-	-	619,722
-	-	-	-	-	3,622,232
<u>674,031</u>	<u>1,966,989</u>	<u>775,350</u>	<u>-</u>	<u>-</u>	<u>9,930,311</u>
<u>696,708</u>	<u>1,966,989</u>	<u>775,350</u>	<u>1,874</u>	<u>-</u>	<u>22,316,109</u>
<u>137,197</u>	<u>64,422</u>	<u>580,060</u>	<u>(2,282)</u>	<u>(362)</u>	<u>(764,045)</u>
-	-	-	-	-	150,000
-	-	-	-	-	(150,000)
205,954	52,970	-	-	-	2,356,138
<u>(9,091,844)</u>	<u>-</u>	<u>(837,270)</u>	<u>-</u>	<u>-</u>	<u>(11,075,607)</u>
<u>(8,885,890)</u>	<u>52,970</u>	<u>(837,270)</u>	<u>-</u>	<u>-</u>	<u>(8,719,469)</u>
(8,748,693)	117,392	(257,210)	(2,282)	(362)	(9,483,514)
<u>12,505,153</u>	<u>(127,625)</u>	<u>2,001,966</u>	<u>75,970</u>	<u>19,809</u>	<u>27,984,852</u>
<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>

# 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 government's 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 government's 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, 2003**

**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	\$ 751,257	\$ 448,309	\$ 1,199,566
Receivables			
Property tax			
Delinquent	-	4,124	4,124
Succeeding year	-	513,259	513,259
Accounts	194,624	1,665	196,289
Intergovernmental	-	6,455	6,455
Inventories	-	8,871	8,871
Total Current Assets	<u>945,881</u>	<u>982,683</u>	<u>1,928,564</u>
<b>CAPITAL ASSETS</b>			
Land	-	36,000	36,000
Buildings	-	1,893,590	1,893,590
Machinery and equipment	1,721,316	3,191,336	4,912,652
Accumulated depreciation	<u>(984,150)</u>	<u>(1,777,681)</u>	<u>(2,761,831)</u>
Net Capital Assets	<u>737,166</u>	<u>3,343,245</u>	<u>4,080,411</u>
 Total Assets	 <u>1,683,047</u>	 <u>4,325,928</u>	 <u>6,008,975</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	260,595	30,752	291,347
Accrued payroll	19,641	12,564	32,205
Accrued compensated absences	52,611	19,997	72,608
Deferred revenue - succeeding year property tax	-	513,259	513,259
Total Liabilities	<u>332,847</u>	<u>576,572</u>	<u>909,419</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	737,166	3,343,245	4,080,411
Unrestricted	<u>613,034</u>	<u>406,111</u>	<u>1,019,145</u>
Total Net Assets	<u>\$ 1,350,200</u>	<u>\$ 3,749,356</u>	<u>\$ 5,099,556</u>

**CITY OF DUBUQUE, IOWA****EXHIBIT B-2**
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003**

	Refuse Collection	Transit System	Total Other Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	\$ 1,981,066	\$ 184,756	\$ 2,165,822
Other	39	16,611	16,650
Total Operating Revenues	<u>1,981,105</u>	<u>201,367</u>	<u>2,182,472</u>
OPERATING EXPENSES			
Employee expense	1,256,032	859,773	2,115,805
Utilities	1,086	53,062	54,148
Repairs and maintenance	163,591	147,836	311,427
Supplies and services	515,416	565,202	1,080,618
Insurance	20,296	106,614	126,910
Depreciation	184,386	322,761	507,147
Total Operating Expenses	<u>2,140,807</u>	<u>2,055,248</u>	<u>4,196,055</u>
OPERATING LOSS	<u>(159,702)</u>	<u>(1,853,881)</u>	<u>(2,013,583)</u>
NONOPERATING REVENUES (EXPENSES)			
Taxes	-	506,054	506,054
Intergovernmental	-	880,822	880,822
Loss on disposal of assets	-	(100,072)	(100,072)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>1,286,804</u>	<u>1,286,804</u>
LOSS BEFORE TRANSFERS	(159,702)	(567,077)	(726,779)
TRANSFERS IN	-	283,600	283,600
TRANSFERS OUT	<u>(8,958)</u>	<u>-</u>	<u>(8,958)</u>
CHANGE IN NET ASSETS	(168,660)	(283,477)	(452,137)
NET ASSETS, BEGINNING	<u>1,518,860</u>	<u>4,032,833</u>	<u>5,551,693</u>
NET ASSETS, ENDING	<u>\$ 1,350,200</u>	<u>\$ 3,749,356</u>	<u>\$ 5,099,556</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

**EXHIBIT B-3**

	Refuse Collection	Transit System	Total Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,997,854	\$ 185,228	\$ 2,183,082
Cash payments to suppliers for goods and services	(704,326)	(907,610)	(1,611,936)
Cash payments to employees for services	(1,253,291)	(856,929)	(2,110,220)
Other operating receipts	39	16,611	16,650
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>40,276</u>	<u>(1,562,700)</u>	<u>(1,522,424)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	283,600	283,600
Transfers to other funds	(8,958)	-	(8,958)
Property tax receipts	-	509,190	509,190
Intergovernmental grant proceeds	-	1,080,669	1,080,669
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(8,958)</u>	<u>1,873,459</u>	<u>1,864,501</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of property and equipment	<u>(204,800)</u>	<u>(66,164)</u>	<u>(270,964)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>7,376</u>	<u>-</u>	<u>7,376</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(166,106)</u>	<u>244,595</u>	<u>78,489</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>917,363</u>	<u>203,714</u>	<u>1,121,077</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 751,257</u>	<u>\$ 448,309</u>	<u>\$ 1,199,566</u>

(continued)

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

**EXHIBIT B-3**  
**(continued)**

	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total Other Enterprise Funds</u>
RECONCILIATION OF OPERATING LOSS TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating loss	\$ (159,702)	\$ (1,853,881)	\$ (2,013,583)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation	184,386	322,761	507,147
Change in assets and liabilities			
Decrease in receivables	16,788	472	17,260
Increase in inventories	-	(3,541)	(3,541)
Decrease in accounts payable	(3,937)	(31,355)	(35,292)
Increase in accrued liabilities	2,741	2,844	5,585
Total Adjustments	<u>199,978</u>	<u>291,181</u>	<u>491,159</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 40,276</u>	<u>\$ (1,562,700)</u>	<u>\$ (1,522,424)</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, 2003**

	<u>General Service</u>	<u>Garage Service</u>	<u>Stores/ Printing</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and pooled cash investments	\$ 3,144	\$ 1,877	\$ 11,279
Receivables			
Accrued interest	-	-	-
Inventories	-	22,508	4,737
Total Current Assets	<u>3,144</u>	<u>24,385</u>	<u>16,016</u>
<b>CAPITAL ASSETS</b>			
Machinery and equipment	-	125,239	-
Accumulated depreciation	-	(60,819)	-
Net Capital Assets	<u>-</u>	<u>64,420</u>	<u>-</u>
Total Assets	<u>3,144</u>	<u>88,805</u>	<u>16,016</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	-	2,722	382
Accrued payroll	12,125	12,238	-
Total Liabilities	<u>12,125</u>	<u>14,960</u>	<u>382</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	64,420	-
Unrestricted	(8,981)	9,425	15,634
Total Net Assets (Deficit)	<u>\$ (8,981)</u>	<u>\$ 73,845</u>	<u>\$ 15,634</u>

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<u>Health Insurance Reserve</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 862,996	\$ 793,675	\$ 1,672,971
3,925	4,131	8,056
-	-	27,245
<u>866,921</u>	<u>797,806</u>	<u>1,708,272</u>
-	-	125,239
-	-	(60,819)
-	-	64,420
<u>866,921</u>	<u>797,806</u>	<u>1,772,692</u>
757,945	281,128	1,042,177
-	-	24,363
<u>757,945</u>	<u>281,128</u>	<u>1,066,540</u>
-	-	64,420
<u>108,976</u>	<u>516,678</u>	<u>641,732</u>
<u>\$ 108,976</u>	<u>\$ 516,678</u>	<u>\$ 706,152</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, 2003**

	General Service	Garage Service	Stores/ Printing
OPERATING REVENUES			
Charges for sales and services	\$ 981,804	\$ 854,071	\$ 23,296
Other	-	3,334	-
Total Operating Revenues	981,804	857,405	23,296
OPERATING EXPENSES			
Employee expense	976,459	551,415	-
Utilities	-	17,191	-
Repairs and maintenance	-	10,021	-
Supplies and services	6,754	325,996	22,654
Insurance	-	6,412	-
Depreciation	-	9,068	-
Total Operating Expenses	983,213	920,103	22,654
OPERATING INCOME (LOSS)	(1,409)	(62,698)	642
NONOPERATING REVENUES			
Investment earnings	-	-	-
Gain on disposal of assets	-	121	-
Total Nonoperating Revenues	-	121	-
INCOME (LOSS) BEFORE TRANSFERS	(1,409)	(62,577)	642
TRANSFERS IN	1,817	124,746	-
TRANSFERS OUT	-	(1,240)	-
CHANGE IN NET ASSETS	408	60,929	642
NET ASSETS (DEFICIT), BEGINNING	(9,389)	12,916	14,992
NET ASSETS (DEFICIT), ENDING	\$ (8,981)	\$ 73,845	\$ 15,634

---

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 3,744,399	\$ 124,330	\$ 5,727,900
-	354	3,688
<u>3,744,399</u>	<u>124,684</u>	<u>5,731,588</u>
-	-	1,527,874
-	-	17,191
-	-	10,021
4,488,510	305,521	5,149,435
258,817	24,912	290,141
-	-	9,068
<u>4,747,327</u>	<u>330,433</u>	<u>7,003,730</u>
<u>(1,002,928)</u>	<u>(205,749)</u>	<u>(1,272,142)</u>
18,366	22,935	41,301
-	-	121
<u>18,366</u>	<u>22,935</u>	<u>41,422</u>
(984,562)	(182,814)	(1,230,720)
427,076	-	553,639
-	-	(1,240)
(557,486)	(182,814)	(678,321)
<u>666,462</u>	<u>699,492</u>	<u>1,384,473</u>
<u>\$ 108,976</u>	<u>\$ 516,678</u>	<u>\$ 706,152</u>

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 981,804	\$ 854,071	\$ 23,296
Cash payments to suppliers for goods and services	(6,754)	(366,326)	(27,951)
Cash payments to employees for services	(972,232)	(549,300)	-
Other operating receipts	-	3,334	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,818	(58,221)	(4,655)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	1,817	124,746	-
Transfers to other funds	-	(1,240)	-
Payment of interfund balances	(1,491)	(63,529)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	326	59,977	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of property and equipment	-	121	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,144	1,877	(4,655)
CASH AND CASH EQUIVALENTS, BEGINNING	-	-	15,934
CASH AND CASH EQUIVALENTS, ENDING	\$ 3,144	\$ 1,877	\$ 11,279

---

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 3,920,196	\$ 124,330	\$ 5,903,697
(4,597,884)	(375,056)	(5,373,971)
-	-	(1,521,532)
-	354	3,688
(677,688)	(250,372)	(988,118)
427,076	-	553,639
-	-	(1,240)
-	-	(65,020)
427,076	-	487,379
-	-	121
22,990	26,398	49,388
(227,622)	(223,974)	(451,230)
1,090,618	1,017,649	2,124,201
\$ 862,996	\$ 793,675	\$ 1,672,971

(continued)

**CITY OF DUBUQUE, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

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	General Service	Garage Service	Stores/ Printing
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,409)	\$ (62,698)	\$ 642
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	9,068	-
Change in assets and liabilities			
Decrease in receivables	-	-	-
Decrease (increase) in inventories	-	2,534	(388)
Increase (decrease) in accounts payable	-	(9,240)	(4,909)
Increase in accrued liabilities	4,227	2,115	-
Total Adjustments	4,227	4,477	(5,297)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,818	\$ (58,221)	\$ (4,655)

**EXHIBIT C-3**  
**(continued)**

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<u>Health Insurance Reserve</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
<u>\$ (1,002,928)</u>	<u>\$ (205,749)</u>	<u>\$ (1,272,142)</u>
-	-	9,068
175,797	-	175,797
-	-	2,146
149,443	(44,623)	90,671
-	-	6,342
<u>325,240</u>	<u>(44,623)</u>	<u>284,024</u>
<u>\$ (677,688)</u>	<u>\$ (250,372)</u>	<u>\$ (988,118)</u>



# **STATISTICAL SECTION**

**(Unaudited)**

**CITY OF DUBUQUE, IOWA**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**JUNE 30, 2003**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

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<u>Fiscal</u> <u>Year</u>	<u>Public</u> <u>Safety</u>	<u>Public</u> <u>Works</u>	<u>Health and</u> <u>Social</u> <u>Services</u>	<u>Culture and</u> <u>Recreation</u>	<u>Community</u> <u>and Economic</u> <u>Development</u>	<u>General</u> <u>Government</u>
2003 (1) \$	15,817	\$ 14,454	\$ 816	\$ 7,367	\$ 9,432	\$ 4,212

(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>Parking Facilities</u>	<u>America's River Project</u>	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total</u>
\$ 1,605	\$ 4,656	\$ 4,146	\$ 1,445	\$ 415	\$ 2,141	\$ 2,055	\$ 68,560

**CITY OF DUBUQUE, IOWA**  
**GOVERNMENT-WIDE REVENUES**  
**JUNE 30, 2003**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

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<u>Fiscal</u> <u>Year</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Taxes</u>	<u>Gaming</u>	<u>Unrestricted</u> <u>Investment</u> <u>Earnings</u>
2003 (1) \$	19,894	\$ 14,558	\$ 15,386	\$ 26,010	\$ 9,540	\$ 2,071

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

Table 2

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<u>Loss on Sale of Capital Assets</u>	<u>Other</u>	<u>Total</u>
\$ (318)	\$ 1,228	\$ 88,369

# CITY OF DUBUQUE, IOWA

Table 3

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

Fiscal Year	Community Protection	Human Development	Home and Community Environment	Policy and Administration	Debt Service	Total
1994	\$ 11,068	\$ 4,407	\$ 11,092	\$ 5,456	\$ 4,276	\$ 36,299
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

Fiscal Year	Public Safety	Public Works	Health and Social Services	Culture and Recreation	Community and Economic Devel- opment	General Govern- ment	Debt Service	Total
2003(2)	\$15,279	\$11,860	\$ 749	\$ 7,514	\$ 9,011	\$ 3,813	\$ 3,678	\$ 51,904

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

(2) The State of Iowa required cities to change from programs to functions during 2003.

# CITY OF DUBUQUE, IOWA

Table 4

## GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

### LAST TEN FISCAL YEARS

(AMOUNTS EXPRESSED IN THOUSANDS)

(UNAUDITED)

Fiscal Year	Taxes	Special Assessments (2)	Licenses and Permits	Inter-Governmental	Charges for Services	Fines and Forfeits	Investment Earnings	Contributions (2)
1994	\$20,295	\$ -	\$ 673	\$ 10,417	\$ 3,526	\$ 388	\$ 1,438	\$ -
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

Fiscal Year	Gaming (3)	Miscellaneous	Total
1994	\$ -	\$ 736	\$ 37,473
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

(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****Table 4A****GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1)****LAST TEN FISCAL YEARS****(AMOUNTS EXPRESSED IN THOUSANDS)****(UNAUDITED)**


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<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>Total</u>
1994	\$ 14,168	\$ 38	\$ 33	\$ 493	\$ 4,796	\$ 767	\$ 20,295
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

(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>
1994	\$ 14,851	\$ 14,101	94.9%	\$ 161	\$ 14,262	96.0%
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

(1) Includes tax increment levy.

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

**Table 5**

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<u>Outstanding Delinquent Taxes</u>		<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
\$	956	6.4%
	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

**CITY OF DUBUQUE, IOWA****Table 6**
**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY  
 LAST TEN FISCAL YEARS  
 (AMOUNTS EXPRESSED IN THOUSANDS)  
 (UNAUDITED)**

<u>Fiscal Year</u>	<u>Real Property</u>		<u>Exemptions</u>	<u>Total</u>		Ratio of Total Assessed Value to Total Estimated Actual Value
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Real Property</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
1994	\$ 997,573	\$ 1,229,395	\$ 10,681	\$ 986,892	\$ 1,229,395	80.27%
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	2,047,186	10,097	1,418,928	2,047,186	69.31
2003	1,540,206	2,317,926	10,141	1,530,066	2,307,785	66.31

**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>
1994	\$ 12.60588	\$ 13.92886	\$ .50303	\$ .47495	\$ 7.61714	\$ 35.12986	35.88%
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

Source: Dubuque County Auditor's Office.

**CITY OF DUBUQUE, IOWA**  
**PRINCIPAL TAXPAYERS**  
**PAYABLE FISCAL YEAR 2003**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

**Table 8**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Kennedy Mall	Shopping Center	\$ 23,588	.98%
Medical Associates Realty	Health Services	21,080	.88
Otto A LLC	Manufacturing	17,512	.73
Nordstrom, Inc.	Warehouse Distributor	14,889	.62
Plaza 20, Inc.	Shopping Plaza	10,041	.42
U.S. West Communications	Telecommunications	9,422	.39
Wal-Mart	Retail Sales	9,137	.38
Minglewood Limited Partnership	Pension Services	8,944	.37
American Trust and Savings Bank	Bank	8,640	.36
McGraw Hill	Publishing	<u>7,702</u>	<u>.32</u>
Totals		<u>\$ 130,955</u>	<u>5.45%</u>

Source: Dubuque County Auditor's Office.

Alliant Energy Power Company and Peoples 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>
1994	\$ 44	\$ 339
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

(1) Includes prepayments.

**CITY OF DUBUQUE, IOWA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2003**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**  
**(UNAUDITED)**

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**Table 10**

Actual Valuations		<u>\$ 2,317,926</u>
Legal debt margin:		
Debt limitation – 5% of actual valuations		\$ 115,896
Debt applicable to limitation:		
Total bonded debt	\$ 31,811	
Less: Revenue bonds	<u>(1,540)</u>	
Total debt applicable to limitation		<u>30,271</u>
Legal debt margin		<u>\$ 85,625</u>

**CITY OF DUBUQUE, IOWA****Table 11****RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED  
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Population (1) *</u>	<u>Assessed Value (2) *</u>	<u>Net Bonded Debt (3) *</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1994	58	\$ 986,892	\$ 17,125	1.74%	\$ 295
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	1,530,066	19,865	1.30	343

\* Amounts expressed in thousands.

(1) U.S. Census Bureau.

(2) From Table 6.

(3) From Table 13. Amount does not include revenue bonds.



**CITY OF DUBUQUE, IOWA****Table 12**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1994	\$ 2,315	\$ 908	\$ 3,223	\$ 36,299	8.88%
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

(1) Excludes bond issuance and other costs.

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

**CITY OF DUBUQUE, IOWA**

Table 13

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT****GENERAL OBLIGATION BONDS****JUNE 30, 2003****(AMOUNTS EXPRESSED IN THOUSANDS)****(UNAUDITED)**

<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	\$ 19,865 (1)	100.00%	\$ 19,865
Total	\$ 19,865		\$ 19,865

(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	
1994	\$ 1,090	\$ 543	\$ 547	\$ 90	\$ 212	\$ 302	1.81
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

(1) Total revenues (including interest).

(2) Total operating expenses exclusive of depreciation.

(3) Coverage is computed by dividing net revenue available for debt service by debt service requirements. Bond ordinance requires 1.3 minimum coverage.

# CITY OF DUBUQUE, IOWA

Table 15

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

Fiscal Year	Property Value*			Construction Permits		Bank Deposits (2)	
	Other (3)	Residential	Total (1)	Number of Permits	Value*	Calendar Year	Total Deposits*
1994	\$ 381,324	\$ 848,071	\$ 1,229,395	1,862	\$ 56,928	1993	\$ 852,000
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	1,436,513	2,047,186	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

\* Amounts expressed in thousands.

(1) Estimated actual 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**

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Per Capita Income</u>	<u>(3) Median Age</u>	<u>(4) Public School Enrollment</u>	<u>(5) Unemployment Rate</u>
1994	57,538	\$ 19,110	34	10,022	4.3%
1995	57,538	20,113	34	10,133	3.8
1996	59,084	21,755	34	10,065	4.8
1997	59,084	22,096	34	9,985	4.7
1998	59,084	23,293	34	9,857	3.1
1999	56,467	24,499	34	9,735	3.1
2000	56,467	25,645	34	9,697	2.7
2001	57,686	19,616	34	9,680	3.4
2002	57,686	19,616	37	9,906	3.6
2003	57,686	*	37	10,122	3.7

**Data Sources:**

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

\* Unavailable at report date.

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF INSURANCE IN FORCE**  
**JUNE 30, 2003**

<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	7/1/03	Municipal General Liability Includes EMT's and Ambulance Service
Iowa Communities Assurance Pool	IP035901414000003	7/1/03	Municipal Auto Liability Includes Transit Liability
Iowa Communities Assurance Pool	IP015901414000003	7/1/03	Comprehensive & Collision
Iowa Communities Assurance Pool	IP039901414000003	7/1/03	Public Official Liability
Iowa Communities Assurance Pool	IP040891414000003	7/1/03	Police Professional
Zurich Insurance Co.	GPL3783561-02	4/15/04	Environment Liability Lead Pollution
ACE USA	AAPN 00036572	7/1/03	Airport Liability
Northland Casualty Co.	AY070043	7/1/03	Public Officials Liability
St. Paul Fire & Marine Insurance Company	EM06649597	8/1/03	Professional Liability – Nurses
Mount Vernon Fire Insurance Co.	CL2236323A	8/1/03	Dram Shop Liability – Five Flags
Mount Vernon Fire Insurance Co.	CL2231997B	4/16/04	Dram Shop Liability – Bunker Hill

Table 17

Liability Limits			Annual Premium
\$	5,000,000	Each Occurrence	\$ 404,978*
	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	7,575
	1,000,000	Aggregate	
	5,000	Deductible	
	20,000,000	Aggregate Limit	48,295
	2,500	Deductible	
	15,000	Deductible Aggregate	
	5,000,000	Each Occurrence/Aggregate	7,815
	10,000	Deductible	
	1,000,000	Each Person	175
	3,000,000	Total Limit	
	3,000,000	Each Common Cause/Aggregate	6,834
	3,000,000	Each Common Cause/Aggregate	4,515 (continued)

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

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF INSURANCE IN FORCE**  
**JUNE 30, 2003**

<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	7/1/03	Comprehensive Business Policy
<b><u>CRIME INSURANCE</u></b>			
Allied Insurance	BD7900575274	7/1/03	Public Official Bond
Travelers Insurance Co.	103338754	7/1/03	Public Official Bond
<b><u>BOILER INSURANCE</u></b>			
Cincinnati Insurance Co.	BEP 264 96 23	7/1/03	Boiler & Machinery
<b><u>BUILDERS RISK</u></b>			
St. Paul Insurance Co.	CF06301129	6/1/04	Grand River Center
Cincinnati Insurance Co.	CAP5496966	3/1/04	New Water Tower



**Table 17**  
**(continued)**

Liability Limits		Annual Premium
\$ 122,087,052	Building & Contents	\$ 140,221
10,000	Deductible Per Occurrence	
20,000	Aggregate Per Year	
20,000,000	Earthquake	
996,670	Business Interruption	
1,695,000	EDP Equipment	
3,652,197	Mobile Equipment	
317,347	Camera Equipment	
252,560	Paintings	
100,000	All Employees	3,100
900,000	City Manager	1,284
900,000	Finance Director	
900,000	Assistant Finance Director	
900,000	Administrative Service Manager	
2,500,000	Per Accident	56,876
5,000	Deductible	
24,000,000	Per Project	Two year policy 50,422
10,000	Deductible	
1,033,000	Per Project	
10,000	Deductible	2,930

**CITY OF DUBUQUE, IOWA**  
**MISCELLANEOUS STATISTICS**  
**JUNE 30, 2003**  
**(UNAUDITED)**

**Table 18**

Date of Incorporation	1837
Form of Government	Council/Manager – Ward
Population – 2000 Census	57,686
Number of employees:	
Full Time	508
Part Time/Seasonal	282
Area in square miles	28.3
City of Dubuque facilities and services:	
Miles of streets	273.2
Number of street lights	1,500
Number of traffic signals	109
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	98.25
Sewerage System:	
Miles of sanitary sewers	167
Miles of storm sewers	150.5
Number of treatment plants	1
Number of service connections	20,800
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	304.87
Number of service connections	21,032
Number of fire hydrants	2,713
Daily average consumption in gallons	8,000,000
Maximum daily capacity of plant in gallons	18,000,000
Public Transit System	Vehicles – 28
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	584

# COMPLIANCE SECTION



Consultants • Certified Public Accountants

**REPORT ON COMPLIANCE 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 City of Dubuque, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 16, 2003. 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 grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of non-compliance that is described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2003, 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 opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Dubuque, Iowa, in a separate letter dated December 16, 2003. 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.

*Eric Bailey* LLP

Dubuque, Iowa  
December 16, 2003



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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, 2003. 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, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item II-A-03.

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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Eida Bailly* LLP

Dubuque, Iowa  
December 16, 2003

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Direct:			
Department of Housing and Urban Development:			
Community Development Block Grants/ Entitlement Grants	14.218	B-XX-MC-19-0004	\$ <u>1,792,515</u>
Community Development Block Grants/ Special Purpose Grants/Technical Assistance Program	14.227	SPG-IA-05SPG23	<u>34,500</u>
Community Development Block Grants/ Economic Development Initiative	14.246	B-SP-IA-0178	<u>77,066</u>
Fair Housing Assistance Program -- State and Local	14.401	FF207K027006	<u>82,456</u>
Lower Income Housing Assistance Program -- Section 8 Moderate Rehabilitation	14.856	KC-9004MR-002	17,266
Lower Income Housing Assistance Program -- Section 8 Moderate Rehabilitation	14.856	KC-9004MR-001	25,438
Lower Income Housing Assistance Program -- Section 8 Moderate Rehabilitation	14.856	KC-9004MR-005	260,021
Lower Income Housing Assistance Program -- Section 8 Moderate Rehabilitation	14.856	KC-9004MR-007	<u>3,770</u>
			<u>306,495</u>
Section 8 Housing Choice Vouchers	14.871	KC-9004V	<u>4,313,625</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALAG0066-97	<u>930,176</u>
Department of Justice:			
Bulletproof Vest Partnership Program	16.607	1999BUBX990	<u>11,623</u>
Public Safety Partnership and Community Policing Grants	16.710	2001SHWX0414	40,113
Public Safety Partnership and Community Policing Grants	16.710	2000SHWX0668	<u>30,673</u>
			<u>70,786</u>
			(continued)



**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Direct: (continued)			
Department of Transportation:			
Airport Improvement Program	20.106	3-19-0028-26	\$ 118,309
Airport Improvement Program	20.106	3-19-0028-30	290,142
Airport Improvement Program	20.106	3-19-0028-31	924,437
Airport Improvement Program	20.106	3-19-0028-29	6,306
Airport Improvement Program	20.106	3-19-0028-25	59,305
Airport Improvement Program	20.106	3-19-0028-27	42,782
			<u>1,441,281</u>
Federal Transit – Capital Investment Grants	20.500	IA-03-0097-00	90,976
Federal Transit – Formula Grants	20.507	IA-90-X262	556,885
			<u>647,861</u>
Environmental Protection Agency:			
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BP98719701	10,545
Federal Emergency Management Agency:			
Assistance to Firefighters Grant	83.554	EMW-2002-FG-01657	31,640
Total Direct			<u>9,750,569</u>
Indirect:			
Department of Justice:			
Governor's Office of Drug Control Policy and Dubuque County, Iowa:			
Byrne Formula Grant Program	16.579	02A-0218	3,123
Violence Against Women Formula Grants	16.588	01V-0205	2,320
Violence Against Women Formula Grants	16.588	02V-0234	1,992
			<u>4,312</u>
Department of Transportation:			
Iowa Department of Transportation:			
Federal Transit – Capital Investment Grants	20.500	03-0094-210-22	6,455
Federal Transit – Capital Investment Grants	20.500	03-0095-210-02	7,820
Federal Transit – Capital Investment Grants	20.500	03-0085-210-00	5,025
Federal Transit – Capital Investment Grants	20.500	03-0093-210-01	39,751
			<u>59,051</u>
Job Access – Reverse Commute	20.516	37-X006-210-01	12,398
			(continued)

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Indirect: (continued)			
Department of Transportation: (continued)			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 03-02, TASK 05	\$ 20,413
State and Community Highway Safety	20.600	PAP 02-02, TASK 05	10,445
State and Community Highway Safety	20.600	PAP 02-164, TASK 32	<u>15,135</u>
			<u>45,993</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PAP 03-410 TASK 12	<u>7,681</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Public Assistance Grants	83.544	FEMA-DR-1420-IA	<u>55,592</u>
Hazard Mitigation Grant	83.548	1420-0002	196,525
Hazard Mitigation Grant	83.548	HMGP 0996-0185	<u>38</u>
			<u>196,563</u>
Department of Health and Human Services:			
Iowa Department of Public Health:			
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197	5883LP06	<u>20,409</u>
Total indirect			<u>405,122</u>
Total			<u>\$ 10,155,691</u>

**CITY OF DUBUQUE, IOWA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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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 in conformity with the modified 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	\$ 207,287

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

---

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

- (a) An unqualified opinion was issued on the financial statements.
- (b) No reportable conditions in internal control over financial reporting were identified.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No reportable conditions in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 14.218 – Community Development Block Grants/Entitlement Grants
  - CFDA Number 20.106 – Airport Improvement Program
  - CFDA Number 20.500 – Federal Transit – Capital Investment Grants
  - CFDA Number 20.507 – Federal Transit – Formula Grants
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$304,671.
- (i) The City of Dubuque, Iowa, qualified as a low-risk auditee.

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

**INSTANCE OF NON-COMPLIANCE**

**CFDA Number 14.218: Community Development Block Grants/Entitlement Grants**  
**Grant Number: B-XX-MC-19-0004**  
**Department of Housing and Urban Development**

- II-A-03 Construction Contract Compliance – The City provided one of its subrecipients with CDBG funds to assist them with the construction of an apartment building. Since federal funds were used to fund part of this project, the City was required to comply with Section 36 of Government Document Number 10 (A-102 Common Rule). Section 36 of A-102 Common Rule states that contracts should contain required federal language to comply with federal laws and regulations. In reviewing the construction contract and bid specifications, the required federal language was not included.

Recommendation – We recommend that in the future, the required federal language be included in the contracts and bid specifications where federal funding is involved. In addition, City staff will need to develop procedures to ensure future compliance.

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

---

**Part II: Findings and Questioned Costs for Federal Awards:(continued)**

Response – The required federal contract language has been provided to all CDBG subrecipients responsible for construction projects. Subrecipient monitoring procedures have been changed to include review of bid documents and contracts to ensure compliance with this requirement.

Conclusion – Response accepted.

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

III-A-03 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, 2003.

III-B-03 Certified Budget – Function disbursements during the year ended June 30, 2003, did not exceed the amounts budgeted.

III-C-03 Questionable Expenditures – We noted no expenditures which fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-D-03 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-E-03 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	\$ 3,540
Jan Anderson, employee, spouse is owner of Anderson Design & Consulting, Inc.	Architect services	\$ 7,391

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with John Zenner do not appear to represent a conflict of interest since the transactions were entered into through competitive bidding. The remaining transactions were not entered into through competitive bidding and may represent conflicts of interest.

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

Response – Finance management will remind City department managers of Chapter 362.5(10) of the Code of Iowa requirements, stating that business transactions totaling \$1,500 or more in a fiscal year between the City and City officials or employees be competitively bid.

Conclusion – Response accepted.

**CITY OF DUBUQUE, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

- III-F-03 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-G-03 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-H-03 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- III-I-03 Revenue Bonds – No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.
- III-J-03 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.