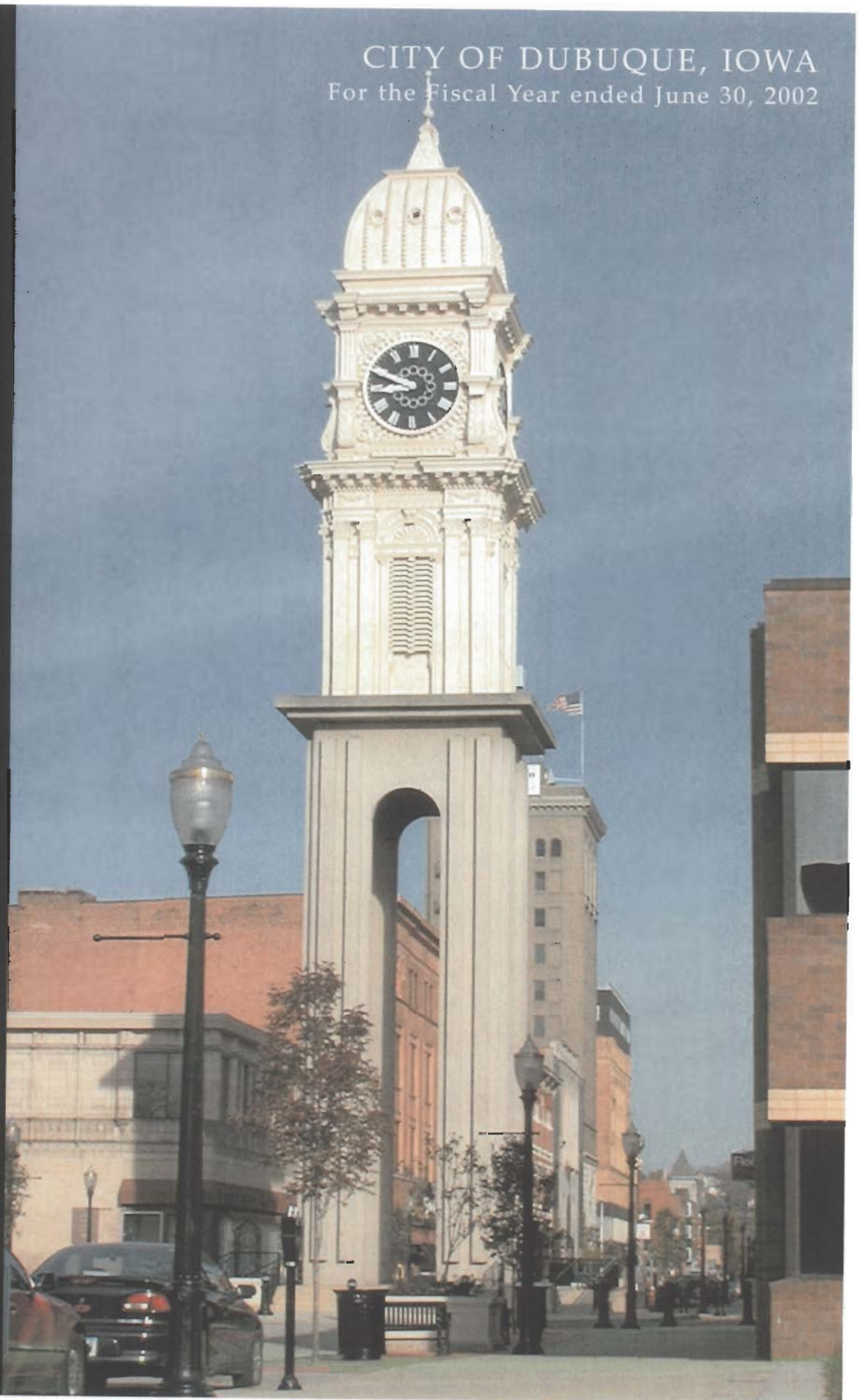


COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF DUBUQUE, IOWA
For the Fiscal Year ended June 30, 2002



CITY OF DUBUQUE, IOWA

Comprehensive Annual Financial Report

**For the fiscal year ended
June 30, 2002**

**Prepared by:
Department of Finance**

INTRODUCTORY SECTION

CITY OF DUBUQUE, IOWA

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Finance Department
50 West 13th Street
Dubuque, Iowa 52001-4864

October 31, 2002

TO THE CITIZENS OF DUBUQUE, IOWA:

The comprehensive annual financial report of the City of Dubuque, Iowa, for the fiscal year ended June 30, 2002, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with this governing body. 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 this municipality. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes this transmittal letter, the government's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City of Dubuque 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 and account groups 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. 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 combined financial statements to emphasize that it is legally separate from the City of Dubuque and to differentiate its financial position, results of operations and cash flows from those of the City. The City of Dubuque appoints a voting majority to the DMASWA governing board and operates the landfill.

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 3.4 percent. The City of Dubuque currently has a land area of 27 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. The McGraw-Hill Company has completed a 330,000 square foot warehouse and distribution center at Dubuque Industrial Center West. Also, the sale of 17 acres to Alliant Energy for a new operations facility is complete with construction slated for spring 2003. Giese Manufacturing has begun construction of a 30,000 square foot manufacturing facility on a 5 acre site. The recent ribbon cutting for 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 recently completed, city-owned, 100 acre Dubuque Technology Park that has three occupants: Advanced Data-Comm, Cartegraph, 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 will add 168 employees over the next three years. 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. With this expansion, CIGNA has already added more than 200 employees. SISCO, a Dubuque based third party insurance administrator, renovated the historic Town Clock Building adjacent to their downtown Dubuque facility. The renovation will give 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.

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. Menards relocated to a new 162,340 square foot retail facility on the west side in May 2002.

With the recent economic growth, the City has annexed over 2,400 acres since 1995. In contrast, only 40 acres were annexed in the first half of the decade. 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 four years from 1998-2001, the City has averaged 1,300,000 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 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 will be a comprehensive planning process for the downtown, scheduled to commence in early 2003.

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 and Northwest Airlink 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 undertaken 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.

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 final phases of this project should be completed and closed out in fiscal year 2003.

A terminal study, initiated just prior to September 11, 2001, was held in abeyance for approximately eight months to determine industry trends and new security requirements. This study tentatively scheduled for completion by the end of 2002 should tell the City if the existing airline terminal should be expanded, the options for increasing the existing terminal space and auxiliary facilities, or if a new facility is desirable coupled with a recommendation on suitable locations.

The City is currently served by two major commuter airlines: American Eagle, with three daily round-trip flights to Chicago; and Northwest Airlink, with three daily round-trip flights to Minneapolis. American Eagle has replaced their turbo-prop aircraft, and Dubuque is now served by 50 passenger regional jets. The Dubuque Regional Airport just received its 12th consecutive year of a perfect FAA Part 139 inspection compliance. Dubuque is the only airport in the nation to currently hold this record. The City and the Federal Government have invested \$25 million in the airport over a 10-year period.

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 13 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, 26 families were

assisted in purchasing their first home through use of Community Development Block Grant (CDBG) funds. Housing rehabilitation assistance included \$948,000 in grants to remove lead paint hazards in single and multi-family housing units. Through loans of \$233,000 in CDBG funds, 64 rental units were rehabilitated. In total, the Housing and Community Development Department invested more than \$4.5 million in homeowner and rental housing projects, matched by \$3.9 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 moved forward as planned during the year and was awarded \$40 million 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. Progress on riverfront development during the year 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 March, 2002.
- *Mississippi River Discovery Center and Aquarium*
The River Discovery Center and Aquarium will be a world-class national museum for the entire Mississippi River. The Center will include 15 aquariums, including five that measure 30 feet across. A dynamic immersion theater will surround visitors with the story of the Mississippi River's creation, its floods, its history, and its underwater life. An outdoor wetland will feature natural and living history with floating laboratories and classrooms. Stream tables will 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*
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 facility.
- *River's Edge Plaza*
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*
The City acquired a riverfront property on the 4th Street Peninsula for construction of a one-third mile Riverwalk. This 15-foot wide promenade is scheduled for completion by calendar year end 2002. The walk will include benches, historic lighting, shade structures, and cascading stairs to the river.
- *Grand Harbor Resort and Waterpark*
A 196-room seven-story hotel, and a 24,000 square foot indoor water park are under construction near the Ice Harbor with completion in December 2002.
- *Mississippi River National Education and Conference Center*
An 115,000 square foot Education and Conference Center is under construction, with connections to the hotel and river walk to be completed by September 2003. The City's application for State Vision Iowa funding was approved for \$40 million, with half of this going to the City for the conference center related public improvements.
- *Star Brewery Building*
A request for proposals has been issued for the renovation and reuse of this 40,000 square foot historic building. A proposal for a mixed-use complex was received on November 1, 2002.

The \$188 million America's River Project is funded (River Discovery Center in process of raising final \$4 million) and under construction. The 4th Street Peninsula has an additional 60 acres available for private development. The City is actively seeking to acquire additional property and relocate selected existing property owners to assemble into new development parcels for private development based on the newly adopted Port of Dubuque Master Plan. The new plan guides the redevelopment in the downtown riverfront area.

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, including roads, air, and telecommunications
- Strong diverse local economy
- Riverfront development
- Planned and managed growth
- 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 implementation scheduled over the next five years. 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.
- **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. From a more regional perspective, construction began on the Northwest Arterial extension in 2001. All of the traffic signals along U.S. 20 will be interconnected by 2004 to improve traffic flow and lessen travel delay and other new roadway connections, such as a new connection off University Avenue to U.S. 20 will be constructed as part of the project. 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 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 seven years, in fact, four of those year's property taxes went down.

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

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 and finance staff. As a part of the government'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, 2002, 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 program. 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 government continues to meet its responsibility for sound financial management.

General Government Functions. The following schedule presents a summary of general fund, special revenue funds and debt service fund revenues for the fiscal year ended June 30, 2002, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount (000's)	Percent of Total	Increase (Decrease) from 2001 (000's)	Percent of Increase (Decrease)
Taxes	\$ 26,304	48.81%	\$ (495)	-1.85%
Special assessments	632	1.17%	(152)	-19.39%
Licenses and permits	703	1.30%	127	22.05%
Intergovernmental	14,124	26.21%	355	2.58%
Charges for services	8,847	16.42%	720	8.86%
Fines and forfeits	410	0.76%	41	11.11%
Miscellaneous	893	1.66%	(311)	-25.83%
Interest	1,980	3.67%	(740)	-27.21%
Total Revenues	\$ 53,893	100.00%	\$ (455)	-0.84%

The tax rate of \$6.39150 established for general fund operations (excluding fringe benefits) for FY 2002 is within the tax rate limit of \$8.10 per \$1,000 of taxable valuation allowed by the Code of Iowa. The \$.40136 increase from FY 2001 is primarily a result of wage settlements and inflation.

Under the heading of taxes is the annual DRA profit distribution which decreased \$800,000. The distribution is used for capital projects.

Intergovernmental revenue increased due to the number of grants received.

Charges for services increased due to Dubuque Greyhound Park and Casino rent, golf cart rent, and aviation fuel sales.

Interest earnings decreased due to significant drop in interest rates.

The following schedule presents a summary of general fund, special revenue funds and debt service fund expenditures for the fiscal year ended June 30, 2002, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount (000's)	Percent of Total	Increase (Decrease) From 2001 (000's)	Percent of Increase (Decrease)
Current:				
Policy & Administration	\$ 4,986	10.63%	\$ (456)	-8.38%
Community Protection	16,386	34.95%	1,322	8.78%
Home & Community Environ.	14,361	30.63%	(2,049)	-12.49%
Human Development	8,520	18.17%	(133)	-1.54%
Debt Service:				
Principal	1,785	3.81%	(327)	-15.48%
Interest and fiscal charges	852	1.82%	82	10.65%
Total Expenditures	\$ 46,890	100.00%	\$ (1,561)	-3.22%

The decrease in expenditure amounts for the Policy and Administration program was primarily related to capital improvement programs.

The increase in expenditure amounts for the Community Protection programs was primarily related to the City's \$1,400,000 contribution to the new Dubuque County Jail Project.

The decrease in expenditure amounts for the Home & Community Environment programs was primarily related to the Tax Increment Financing Project (Eagle Window and Door).

The decrease in debt service principal is due to the final payment on the 1987 Bond Issue incurred during 2001.

General Fund Balance. The Dubuque City Council has set a budget guideline of maintaining a general fund balance of ten percent of the operating budget appropriation and this amount is set aside each year.

Enterprise Operations. The enterprise operations consist of water and wastewater systems, parking facilities, refuse collection, and a transit system. With respect to the outstanding parking revenue bonds, earnings from the parking facilities have met bond covenant requirements for net revenues to be equal to either 130% or 135% of current debt service requirements.

Debt Administration. At June 30, 2002, the City of Dubuque had a number of debt issues outstanding. These issues included \$24,050,000 of general obligation bonds, \$5,873,155 of tax increment financing debt, \$1,720,000 of revenue bonds, and a \$286,523 note payable to be funded by grants, donations and guarantors. The government has maintained its Aa3 rating from Moody's Investors Service on general obligation bond issues. Under current state statutes, the government's general obligation bonded debt issues are subject to a legal limitation based on five percent of total actual value of real property. As of June 30, 2002, the government's net general obligation debt of \$31,932,678 was well below the legal limit of \$102,359,000.

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 \$2,926,843 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 \$699,492 as of June 30, 2002. 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 \$666,462 as of June 30, 2002. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

OTHER INFORMATION

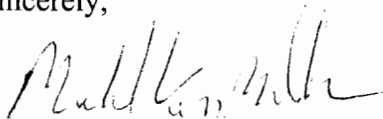
Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Eide Bailly LLP was selected for this purpose. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The independent auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules 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, 2001. This was the fourteenth 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.

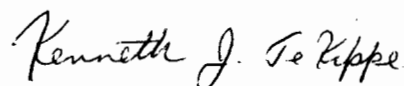
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. We compliment the staff of the finance department for their assistance in preparing this report. We also commend the 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

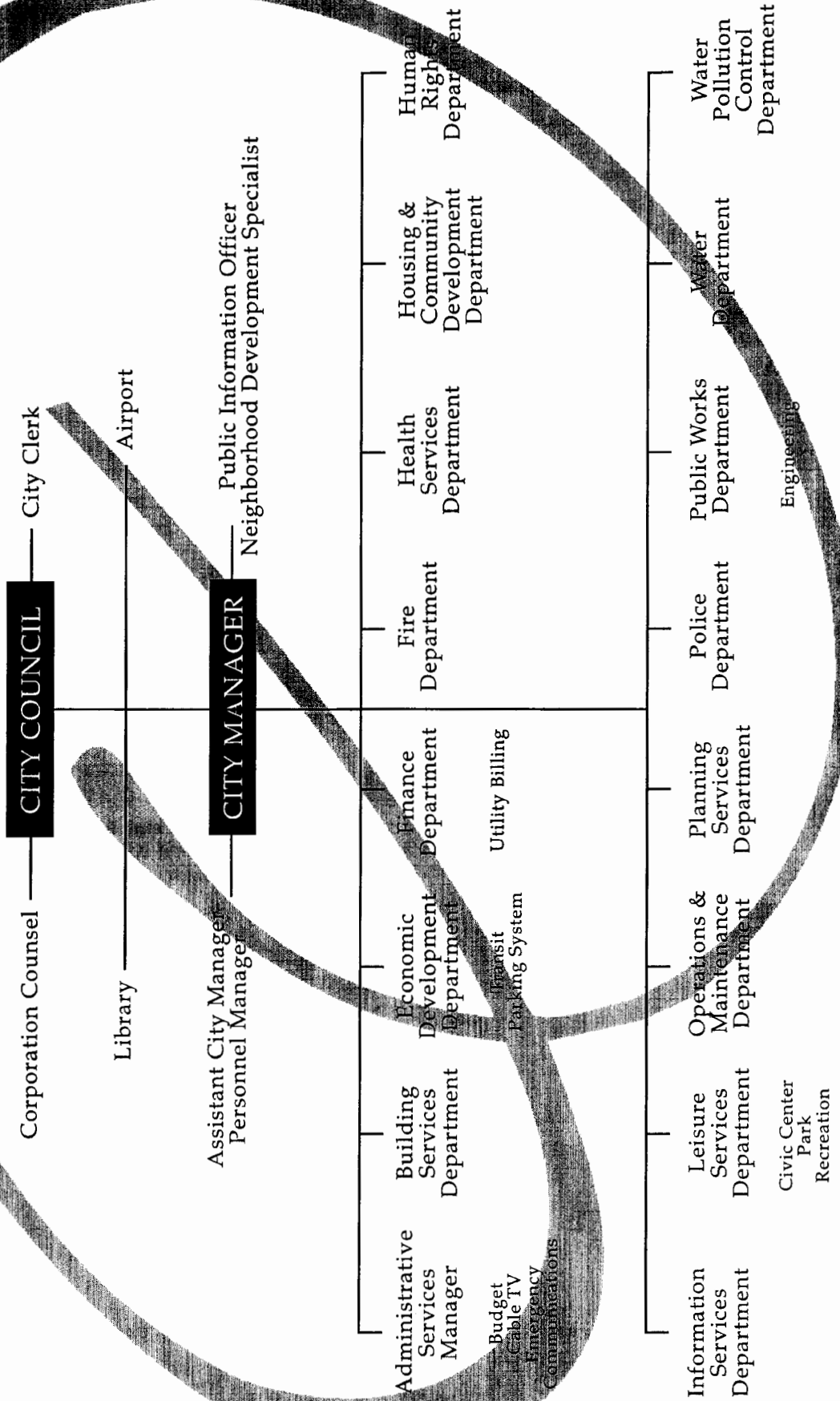


Kenneth J. TeKippe, CPA
Finance Director



Showing the Spirit

ORGANIZATIONAL CHART



CITY OF DUBUQUE, IOWA
OFFICIALS
JUNE 30, 2002

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 – 1st Ward
Council Member – 2nd Ward
Council Member – 3rd Ward
Council Member – 4th 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. Steinhauer
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
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, 2001

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.



Thomas A. Brewer
President

Jeffrey L. Esser
Executive Director

FINANCIAL SECTION



Consultants • Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the City of Dubuque, Iowa, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City of Dubuque, Iowa. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Dubuque, Iowa, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2002, 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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements, schedules, statistical data, and the Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Budget (OMB) Circular A-133 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Dubuque, Iowa. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Erde Bailey LLP

Dubuque, Iowa
October 31, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF DUBUQUE, IOWA
COMBINED BALANCE SHEET – ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2002

	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
ASSETS AND OTHER DEBITS					
ASSETS					
Cash and pooled cash investments	\$ 20,134,800	\$ 8,665,996	\$ 194,356	\$ 20,512,857	\$ 9,107,850
Cash and pooled cash investments - nonexpendable trust	-	-	-	-	-
Receivables					
Property tax					
Delinquent	220,355	45,874	19,257	-	7,260
Succeeding year	12,490,778	2,150,036	655,564	-	481,982
Accounts and other	420,136	-	-	-	1,256,287
Special assessments	-	549,916	-	-	-
Accrued interest	214,829	57,833	6,064	53,794	69,087
Notes - current	-	694,687	-	-	-
Notes - long-term	-	10,334,665	-	-	-
Intergovernmental	820,996	965,868	-	502,444	206,302
Due from other funds	65,020	-	-	-	-
Inventory	61,828	-	-	-	316,708
Prepaid items	4,564	11,875	-	-	5,037
Advances to other funds	482,077	-	-	-	-
Advances to primary government	-	-	-	-	-
Restricted assets					
Cash and pooled cash investments	-	150,526	-	-	553,225
Land	-	-	-	-	6,335,936
Buildings and improvements	-	-	-	-	53,054,022
Improvements other than buildings	-	-	-	-	23,760,271
Machinery and equipment	-	-	-	-	39,620,390
Construction in progress	-	-	-	-	12,470,389
Accumulated depreciation	-	-	-	-	(52,688,460)
OTHER DEBITS					
Amount available in Debt Service Fund	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-
Total Assets and Other Debits	<u>\$ 34,915,383</u>	<u>\$ 23,627,276</u>	<u>\$ 875,241</u>	<u>\$ 21,069,095</u>	<u>\$ 94,556,286</u>

See notes to financial statements.

EXHIBIT 1

Fund Types	Fiduciary	Account Groups		Totals	Component	Totals
	Fund Type	General	General	Primary	Unit	Reporting
Internal	Trust	Fixed	Long-Term	Government	Dubuque	Entity
Service	and	Assets	Debt	(Memorandum	Metropolitan	(Memorandum
	Agency			Only)	Area Solid	Only)
					Waste Agency	
\$ 2,124,201	\$ 862,167	\$ -	\$ -	\$ 61,602,227	\$ 6,398,835	\$ 68,001,062
-	140,275	-	-	140,275	-	140,275
-	-	-	-	292,746	-	292,746
-	-	-	-	15,778,360	-	15,778,360
175,797	36,889	-	-	1,889,109	203,399	2,092,508
-	-	-	-	549,916	-	549,916
16,143	8,118	-	-	425,868	49,629	475,497
-	-	-	-	694,687	-	694,687
-	-	-	-	10,334,665	-	10,334,665
-	-	-	-	2,495,610	-	2,495,610
-	-	-	-	65,020	-	65,020
29,390	-	-	-	407,926	-	407,926
-	-	-	-	21,476	-	21,476
-	-	-	-	482,077	-	482,077
-	-	-	-	-	438,750	438,750
-	19,327	-	-	723,078	2,514,279	3,237,357
-	-	21,799,251	-	28,135,187	552,528	28,687,715
-	-	42,325,460	-	95,379,482	5,945,497	101,324,979
-	-	12,341,111	-	36,101,382	-	36,101,382
125,240	-	17,837,606	-	57,583,236	1,820,254	59,403,490
-	-	505,683	-	12,976,072	-	12,976,072
(51,751)	-	-	-	(52,740,211)	(4,544,480)	(57,284,691)
-	-	-	217,760	217,760	-	217,760
-	-	-	28,525,322	28,525,322	-	28,525,322
<u>\$ 2,419,020</u>	<u>\$ 1,066,776</u>	<u>\$ 94,809,111</u>	<u>\$ 28,743,082</u>	<u>\$ 302,081,270</u>	<u>\$ 13,378,691</u>	<u>\$ 315,459,961</u>

(continued)

CITY OF DUBUQUE, IOWA
COMBINED BALANCE SHEET – ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2002

	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
LIABILITIES, EQUITY, AND OTHER CREDITS					
LIABILITIES					
Accounts payable	\$ 511,601	\$ 261,698	\$ -	\$ 1,507,513	\$ 787,020
Accrued payroll	135,660	15,073	-	-	55,183
General obligation bonds payable - current	-	-	-	-	290,000
Revenue bonds payable - current	-	-	-	-	180,000
Accrued compensated absences	386,438	33,656	-	-	265,866
Intergovernmental payable	-	14,049	-	-	-
Due to other funds	-	-	-	-	-
Payable from restricted assets					
Accrued interest payable	-	-	-	-	25,909
Advances from other funds	-	-	-	-	482,077
Advances from component unit	-	-	-	-	438,750
Notes payable	-	-	-	-	-
General obligation bonds payable	-	-	-	-	2,790,250
Revenue bonds payable	-	-	-	-	1,518,667
Landfill closure and postclosure care	-	-	-	-	-
Tax-increment financing bonds payable	-	-	-	-	-
Deferred revenue					
Succeeding year property tax	12,490,778	2,150,036	655,564	-	481,982
Other	29,680	443,498	1,917	-	-
Total Liabilities	<u>13,554,157</u>	<u>2,918,010</u>	<u>657,481</u>	<u>1,507,513</u>	<u>7,315,704</u>

See notes to financial statements.

EXHIBIT 1
(continued)

<u>Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals</u>	<u>Component Unit</u>	<u>Totals</u>
<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Primary Government (Memorandum Only)</u>	<u>Dubuque Metropolitan Area Solid Waste Agency</u>	<u>Reporting Entity (Memorandum Only)</u>
\$ 951,506	\$ 8,866	\$ -	\$ -	\$ 4,028,204	\$ 63,377	\$ 4,091,581
18,021	381	-	-	224,318	7,424	231,742
-	-	-	-	290,000	-	290,000
-	-	-	-	180,000	-	180,000
-	-	-	1,598,404	2,284,364	35,923	2,320,287
-	-	-	-	14,049	81,360	95,409
65,020	-	-	-	65,020	-	65,020
-	-	-	-	25,909	-	25,909
-	-	-	-	482,077	-	482,077
-	-	-	-	438,750	-	438,750
-	-	-	1,864,690	1,864,690	-	1,864,690
-	-	-	20,945,000	23,735,250	-	23,735,250
-	-	-	-	1,518,667	-	1,518,667
-	-	-	-	-	2,051,474	2,051,474
-	-	-	4,334,988	4,334,988	-	4,334,988
-	-	-	-	15,778,360	-	15,778,360
-	-	-	-	475,095	-	475,095
<u>1,034,547</u>	<u>9,247</u>	<u>-</u>	<u>28,743,082</u>	<u>55,739,741</u>	<u>2,239,558</u>	<u>57,979,299</u>

(continued)

CITY OF DUBUQUE, IOWA
COMBINED BALANCE SHEET – ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2002

	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
EQUITY AND OTHER CREDITS					
Contributed capital	\$ -	\$ -	\$ -	\$ -	\$ 40,752,248
Investment in general fixed assets	-	-	-	-	-
Retained earnings					
Reserved for/by					
State statute	-	-	-	-	-
Bond ordinance	-	-	-	-	553,225
Minority interests	-	-	-	-	-
Unreserved	-	-	-	-	45,935,109
Fund balances					
Reserved for/by					
Long-term notes receivable	-	10,334,665	-	-	-
Encumbrances	3,330,054	600,693	-	4,126,950	-
Dog track	-	-	-	896,162	-
Franchise agreement	-	-	-	-	-
Endowments	-	-	-	-	-
Bond ordinance	-	150,526	-	-	-
Advances	482,077	-	-	-	-
Debt service	-	-	217,760	-	-
Unreserved, undesignated	17,549,095	9,623,382	-	14,538,470	-
Total Equity and Other Credits	21,361,226	20,709,266	217,760	19,561,582	87,240,582
 Total Liabilities, Equity, and Other Credits	<u>\$ 34,915,383</u>	<u>\$ 23,627,276</u>	<u>\$ 875,241</u>	<u>\$ 21,069,095</u>	<u>\$ 94,556,286</u>

See notes to financial statements.

EXHIBIT 1
(continued)

<u>Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals</u>	<u>Component Unit</u>	<u>Totals</u>
<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Primary Government (Memorandum Only)</u>	<u>Dubuque Metropolitan Area Solid Waste Agency</u>	<u>Reporting Entity (Memorandum Only)</u>
\$ 24,233	\$ -	\$ -	\$ -	\$ 40,776,481	\$ -	\$ 40,776,481
-	-	94,809,111	-	94,809,111	-	94,809,111
-	-	-	-	-	446,543	446,543
-	-	-	-	553,225	-	553,225
-	-	-	-	-	2,427,218	2,427,218
1,360,240	-	-	-	47,295,349	8,265,372	55,560,721
-	-	-	-	10,334,665	-	10,334,665
-	-	-	-	8,057,697	-	8,057,697
-	-	-	-	896,162	-	896,162
-	19,327	-	-	19,327	-	19,327
-	140,708	-	-	140,708	-	140,708
-	-	-	-	150,526	-	150,526
-	-	-	-	482,077	-	482,077
-	-	-	-	217,760	-	217,760
-	897,494	-	-	42,608,441	-	42,608,441
<u>1,384,473</u>	<u>1,057,529</u>	<u>94,809,111</u>	<u>-</u>	<u>246,341,529</u>	<u>11,139,133</u>	<u>257,480,662</u>
<u>\$ 2,419,020</u>	<u>\$ 1,066,776</u>	<u>\$ 94,809,111</u>	<u>\$ 28,743,082</u>	<u>\$ 302,081,270</u>	<u>\$ 13,378,691</u>	<u>\$ 315,459,961</u>

CITY OF DUBUQUE, IOWA**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Governmental	
	General	Special Revenue
REVENUES		
Taxes	\$ 21,400,553	\$ 3,763,878
Special assessments	-	632,241
Licenses and permits	702,726	-
Intergovernmental	1,806,225	12,317,414
Charges for services	8,847,155	-
Fines and forfeits	410,464	-
Miscellaneous	791,788	101,574
Interest	1,528,893	414,429
Total Revenues	<u>35,487,804</u>	<u>17,229,536</u>
EXPENDITURES		
Current		
Policy and administration	4,579,274	403,477
Community protection	16,384,737	1,259
Home and community environment	5,631,886	8,728,851
Human development	8,294,080	226,090
Debt service		
Principal retirement	-	543,467
Interest	-	706,212
Capital outlay	-	-
Total Expenditures	<u>34,889,977</u>	<u>10,609,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>597,827</u>	<u>6,620,180</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from issuance of debt	40,000	269,787
Operating transfers in	3,309,807	395,878
Operating transfers from component unit	29,074	-
Operating transfers out	(3,438,466)	(10,336,105)
Total Other Financing Sources (Uses)	<u>(59,585)</u>	<u>(9,670,440)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>538,242</u>	<u>(3,050,260)</u>
FUND BALANCES, BEGINNING	<u>20,822,984</u>	<u>23,759,526</u>
FUND BALANCES, ENDING	<u>\$ 21,361,226</u>	<u>\$ 20,709,266</u>

See notes to financial statements.

Fund Types		Fiduciary Fund Type	Totals Primary Government (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$ 1,139,237	\$ 3,316,768	\$ -	\$ 29,620,436
-	-	-	632,241
-	-	-	702,726
-	2,420,055	-	16,543,694
-	-	-	8,847,155
-	-	-	410,464
-	2,639,510	614,770	4,147,642
36,541	497,042	-	2,476,905
<u>1,175,778</u>	<u>8,873,375</u>	<u>614,770</u>	<u>63,381,263</u>
3,703	-	181,106	5,167,560
-	-	-	16,385,996
-	-	305,380	14,666,117
-	-	-	8,520,170
1,241,922	-	-	1,785,389
145,423	-	-	851,635
-	11,819,671	-	11,819,671
<u>1,391,048</u>	<u>11,819,671</u>	<u>486,486</u>	<u>59,196,538</u>
<u>(215,270)</u>	<u>(2,946,296)</u>	<u>128,284</u>	<u>4,184,725</u>
-	13,252,218	-	13,562,005
78,140	5,419,930	-	9,203,755
-	-	-	29,074
-	(4,617,818)	(122,361)	(18,514,750)
<u>78,140</u>	<u>14,054,330</u>	<u>(122,361)</u>	<u>4,280,084</u>
(137,130)	11,108,034	5,923	8,464,809
<u>354,890</u>	<u>8,453,548</u>	<u>910,898</u>	<u>54,301,846</u>
<u>\$ 217,760</u>	<u>\$ 19,561,582</u>	<u>\$ 916,821</u>	<u>\$ 62,766,655</u>

CITY OF DUBUQUE, IOWA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (BUDGETARY BASIS) –
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General Fund			Special Revenue	
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual
REVENUES					
Taxes	\$ 21,785,142	\$ 21,304,082	\$ (481,060)	\$ 3,874,474	\$ 3,738,997
Special assessments	-	-	-	800,000	656,558
Licenses and permits	710,962	702,724	(8,238)	-	-
Intergovernmental	4,369,600	1,705,150	(2,664,450)	16,369,492	12,434,529
Charges for services	9,423,080	8,789,676	(633,404)	-	-
Fines and forfeits	359,500	410,047	50,547	-	-
Miscellaneous	1,062,903	1,122,478	59,575	2,629,283	839,088
Interest	798,508	1,434,708	636,200	145,172	238,808
Total Revenues	38,509,695	35,468,865	(3,040,830)	23,818,421	17,907,980
EXPENDITURES					
Current					
Policy and administration	4,938,295	4,556,942	381,353	505,246	393,682
Community protection	17,507,739	16,475,835	1,031,904	1,297	1,464
Home and community environment	12,431,017	5,613,094	6,817,923	19,888,755	11,396,532
Human development	11,017,421	8,524,315	2,493,106	257,249	211,508
Debt service					
Principal retirement	-	-	-	515,642	543,467
Interest and fiscal charges	-	-	-	744,289	706,211
Capital outlay	-	-	-	-	-
Total Expenditures	45,894,472	35,170,186	10,724,286	21,912,478	13,252,864
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,384,777)</u>	<u>298,679</u>	<u>7,683,456</u>	<u>1,905,943</u>	<u>4,655,116</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	-	40,000	40,000	269,787	269,787
Operating transfers in	3,326,083	3,338,883	12,800	449,422	395,878
Operating transfers out	(8,305,850)	(3,397,872)	4,907,978	(10,762,379)	(6,495,918)
Total Other Financing Sources (Uses)	<u>(4,979,767)</u>	<u>(18,989)</u>	<u>4,960,778</u>	<u>(10,043,170)</u>	<u>(5,830,253)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(12,364,544)</u>	<u>279,690</u>	<u>12,644,234</u>	<u>(8,137,227)</u>	<u>(1,175,137)</u>
FUND BALANCES, BEGINNING	<u>19,596,728</u>	<u>19,596,728</u>	<u>-</u>	<u>9,976,793</u>	<u>9,976,793</u>
FUND BALANCES, ENDING	<u>\$ 7,232,184</u>	<u>\$ 19,876,418</u>	<u>\$ 12,644,234</u>	<u>\$ 1,839,566</u>	<u>\$ 8,801,656</u>

See notes to financial statements.

EXHIBIT 3

Funds	Debt Service Fund			Capital Projects Funds		
Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ (135,477)	\$ 1,146,555	\$ 1,136,564	\$ (9,991)	\$ 3,185,098	\$ 3,323,644	\$ 138,546
(143,442)	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,934,963)	-	-	-	4,394,428	1,184,000	(3,210,428)
-	-	-	-	631,592	366,717	(264,875)
-	-	-	-	-	-	-
(1,790,195)	-	-	-	6,503,482	4,909,021	(1,594,461)
93,636	35,000	35,065	65	5,000	477,877	472,877
(5,910,441)	1,181,555	1,171,629	(9,926)	14,719,600	10,261,259	(4,458,341)
111,564	2,350	4,155	(1,805)	-	-	-
(167)	-	-	-	-	-	-
8,492,223	-	-	-	-	-	-
45,741	-	-	-	-	-	-
(27,825)	1,215,000	1,215,000	-	-	-	-
38,078	131,752	131,752	-	-	-	-
-	-	-	-	25,358,367	11,636,306	13,722,061
8,659,614	1,349,102	1,350,907	(1,805)	25,358,367	11,636,306	13,722,061
2,749,173	(167,547)	(179,278)	(11,731)	(10,638,767)	(1,375,047)	9,263,720
-	-	-	-	12,360,000	13,252,218	892,218
(53,544)	37,547	37,547	-	8,548,101	5,654,929	(2,893,172)
4,266,461	-	-	-	(11,794,674)	(4,852,818)	6,941,856
4,212,917	37,547	37,547	-	9,113,427	14,054,329	4,940,902
6,962,090	(130,000)	(141,731)	(11,731)	(1,525,340)	12,679,282	14,204,622
-	327,004	327,004	-	7,752,604	7,752,604	-
\$ 6,962,090	\$ 197,004	\$ 185,273	\$ (11,731)	\$ 6,227,264	\$ 20,431,886	\$ 14,204,622

CITY OF DUBUQUE, IOWA
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS/FUND BALANCES – ALL
PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS,
AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types	
	Enterprise	Internal Service
OPERATING REVENUES		
Charges for sales and services	\$ 11,856,642	\$ 5,016,116
Other	213,666	-
Investment earnings	-	-
Total Operating Revenues	<u>12,070,308</u>	<u>5,016,116</u>
OPERATING EXPENSES		
Employee expense	4,601,828	1,280,001
Utilities	911,150	12,403
Repairs and maintenance	1,064,188	8,756
Supplies and services	3,779,860	308,413
Insurance	230,570	4,385,775
Landfill closure and postclosure care	-	-
Depreciation	2,621,305	12,005
Total Operating Expenses	<u>13,208,901</u>	<u>6,007,353</u>
OPERATING LOSS	<u>(1,138,593)</u>	<u>(991,237)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	408,791	123,948
Interest expense	(329,630)	-
Operating grants	797,493	-
Taxes	410,872	-
Loss on disposal of assets	(40,176)	-
Total Nonoperating Revenues (Expenses)	<u>1,247,350</u>	<u>123,948</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS	<u>108,757</u>	<u>(867,289)</u>
CAPITAL CONTRIBUTIONS	<u>2,525,786</u>	<u>-</u>
OPERATING TRANSFERS		
Operating transfers in	11,413,586	-
Operating transfers out	(2,101,351)	(1,240)
Operating transfers to primary government	-	-
Total Operating Transfers	<u>9,312,235</u>	<u>(1,240)</u>
NET INCOME (LOSS)	<u>11,946,778</u>	<u>(868,529)</u>
RETAINED EARNINGS/FUND BALANCES, BEGINNING AS RESTATED	<u>34,541,556</u>	<u>2,228,769</u>
RETAINED EARNINGS/FUND BALANCES, ENDING	<u>\$ 46,488,334</u>	<u>\$ 1,360,240</u>

See notes to financial statements.

Fiduciary Fund Type	Totals Primary Government (Memorandum Only)	Component Unit	
		Dubuque Metropolitan Area Solid Waste Agency	Totals Reporting Entity (Memorandum Only)
Nonexpendable Trust			
\$ -	\$ 16,872,758	\$ 2,613,800	\$ 19,486,558
23,298	236,964	-	236,964
(22,094)	(22,094)	-	(22,094)
1,204	17,087,628	2,613,800	19,701,428
-	5,881,829	492,359	6,374,188
-	923,553	14,117	937,670
-	1,072,944	70,683	1,143,627
32,857	4,121,130	1,036,601	5,157,731
-	4,616,345	26,929	4,643,274
-	-	605,676	605,676
-	2,633,310	534,565	3,167,875
32,857	19,249,111	2,780,930	22,030,041
(31,653)	(2,161,483)	(167,130)	(2,328,613)
-	532,739	245,046	777,785
-	(329,630)	-	(329,630)
-	797,493	20,514	818,007
-	410,872	-	410,872
-	(40,176)	-	(40,176)
-	1,371,298	265,560	1,636,858
(31,653)	(790,185)	98,430	(691,755)
-	2,525,786	-	2,525,786
-	11,413,586	-	11,413,586
-	(2,102,591)	-	(2,102,591)
-	-	(29,074)	(29,074)
-	9,310,995	(29,074)	9,281,921
(31,653)	11,046,596	69,356	11,115,952
172,361	36,942,686	11,069,777	48,012,463
\$ 140,708	\$ 47,989,282	\$ 11,139,133	\$ 59,128,415

CITY OF DUBUQUE, IOWA
COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND
TYPES, NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED
COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types	
	Enterprise	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (1,138,593)	\$ (991,237)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Landfill closure and postclosure care	-	-
Depreciation	2,621,305	12,005
Investment earnings	-	-
Changes in assets and liabilities		
(Increase) decrease in accounts and other receivables	(47,671)	(175,797)
Increase in intergovernmental receivable	(180,389)	-
Decrease in due from primary government	-	-
(Increase) decrease in inventory	(15)	14,216
Increase (decrease) in accounts payable	(1,720,908)	205,572
Increase (decrease) in accrued payroll	(7,912)	2,802
Increase (decrease) in accrued compensated absences	14,209	-
Decrease in intergovernmental payable	-	-
Increase in due to other funds	-	64,690
Decrease in due to component unit	(40,289)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(500,263)	(867,749)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received	408,387	-
Operating grants received	797,493	-
Operating transfers in	11,413,586	-
Operating transfers out	(2,101,351)	(1,240)
Operating transfers to primary government	-	-
Repayment of advances from other funds	(335,835)	-
Repayment of advances from component unit	(550,000)	-
Repayment of advances to primary government	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	9,632,280	(1,240)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of fixed assets	(12,342,392)	(49,776)
Proceeds from disposal of fixed assets	6,923	-
Principal paid on bonds	(465,958)	-
Interest paid on bonds	(331,261)	-
Capital contributions	2,525,786	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(10,606,902)	(49,776)

See notes to financial statements.

Fiduciary Fund Type	Totals Primary Government (Memorandum Only)	Component Unit	Totals Reporting Entity (Memorandum Only)
		Dubuque Metropolitan Area Solid Waste Agency	
Nonexpendable Trust			
\$ (31,653)	\$ (2,161,483)	\$ (167,130)	\$ (2,328,613)
-	-	605,676	605,676
-	2,633,310	534,565	3,167,875
22,094	22,094	-	22,094
-	(223,468)	84,249	(139,219)
-	(180,389)	-	(180,389)
-	-	40,289	40,289
-	14,201	-	14,201
(2,125)	(1,517,461)	(17,003)	(1,534,464)
-	(5,110)	518	(4,592)
-	14,209	(1,249)	12,960
-	-	(5,517)	(5,517)
-	64,690	-	64,690
-	(40,289)	-	(40,289)
(11,684)	(1,379,696)	1,074,398	(305,298)
-	408,387	-	408,387
-	797,493	20,514	818,007
-	11,413,586	-	11,413,586
-	(2,102,591)	-	(2,102,591)
-	-	(29,074)	(29,074)
-	(335,835)	-	(335,835)
-	(550,000)	-	(550,000)
-	-	550,000	550,000
-	9,631,040	541,440	10,172,480
-	(12,392,168)	-	(12,392,168)
-	6,923	-	6,923
-	(465,958)	-	(465,958)
-	(331,261)	-	(331,261)
-	2,525,786	-	2,525,786
-	(10,656,678)	-	(10,656,678)

(continued)

CITY OF DUBUQUE, IOWA
COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND
TYPES, NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED
COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types	
	Enterprise	Internal Service
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and pooled cash investments	\$ 441,012	\$ 131,179
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,033,873)	(787,586)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,694,948	2,911,787
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,661,075</u>	<u>\$ 2,124,201</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of fixed assets from government	<u>\$ 744,416</u>	<u>\$ -</u>

See notes to financial statements.

EXHIBIT 5
(continued)

Fiduciary Fund Type	Totals Primary Government (Memorandum Only)	Component Unit	Totals Reporting Entity (Memorandum Only)
		Dubuque Metropolitan Area Solid Waste Agency	
Nonexpendable Trust			
\$ (22,620)	\$ 549,571	\$ 248,788	\$ 798,359
(34,304)	(1,855,763)	1,864,626	8,863
174,579	13,781,314	7,048,488	20,829,802
\$ 140,275	\$ 11,925,551	\$ 8,913,114	\$ 20,838,665
\$ -	\$ 744,416	\$ -	\$ 744,416

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

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. Cash and Pooled Cash Investments – Overdraft
5. Fixed Assets
6. Interfund Receivables and Payables
7. Long-Term Debt
8. Contributed Capital
9. Risk Management
10. Segment Information – Enterprise Funds
11. Commitments and Contingent Liabilities
12. Post-Employment Health Care Benefits
13. Employee Retirement Systems
14. Conduit Debt
15. Landfill Closure and Postclosure Care
16. Vision Iowa Grant
17. Restatement of Beginning Balances
18. New Governmental Accounting Standards Board (GASB) Standards

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

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 combined 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 has been organized as a joint venture under Chapter 28E of the Code of Iowa between the City of Dubuque and Dubuque County. The Agency's purpose is to provide solid waste management for the Dubuque metropolitan area. The City appoints a voting majority of the Agency's governing board and has authority over those persons responsible for the day-to-day operations of the Agency. The Agency is presented as a proprietary fund type. Complete financial statements for the Agency may be obtained from the City of Dubuque.

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

Jointly Governed Organizations

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

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

Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

The City has the following fund types and account groups:

Governmental funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, interest, and special assessments 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.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

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 *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *capital projects funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989, in accounting for and reporting its proprietary operations. Proprietary funds include the following fund types:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Internal service funds account for operations that provide services to other departments or agencies of the City or to other governments on a cost-reimbursement basis.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

The *expendable trust funds* are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trusts account for assets where both the principal and interest may be spent.

The *nonexpendable trust funds* are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Nonexpendable trust funds account for assets of which the principal may not be spent.

The *agency funds* are custodial in nature and do not present results of operations or have a measurement focus. The agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

Account Groups. The *general fixed assets account group* is used to account for fixed assets not accounted for in proprietary or trust funds. The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

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

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to/from other funds."

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" to indicate the non-current nature of the interfund loans.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the 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.

Inventory and Prepaid Items

Inventory 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.

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

Inventory 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 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Certain assets of the expendable trust 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.

Fixed Assets

Fixed assets that have been purchased with City funds are valued at cost where historical records are available and at estimated cost where no historical records exist. Assets acquired by gift are accounted for at the asset's fair value as of the date the property was received.

Fixed assets used in governmental fund types of the City are recorded in the general fixed assets account group and are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks, and other assets that are immovable and of value only to the City) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the life of an asset are not included in the general fixed assets account group or capitalized in the proprietary funds.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during construction is not capitalized.

Fixed assets are depreciated in the proprietary funds using the straight-line method over the following estimated useful lives:

Buildings and improvements	50 years
Improvements other than buildings	50 years
Machinery and equipment	4 – 20 years

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). A liability has been recorded for all earned but unused vacation and sick pay benefits.

Vacation and sick pay is accrued when incurred in proprietary funds and reported as a fund liability. Amounts that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay them. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Long-Term Obligations

The City reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. The proprietary funds' contributed capital represents equity acquired through capital grants and capital contributions from developers, customers, or other funds.

Memorandum Only--Total Columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

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 program specified therein until amended. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the program level for the City as a whole, rather than at the fund level.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

The City's budget is prepared on the cash basis of accounting. 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 programs without the approval of the City Council. Management may make budgeting transfers between funds as long as the transfers are within the same program. 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 programs 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, 2002, was amended two times during the year to allow the City to increase program expenditures by approximately \$51,136,000, 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.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation--is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Budget/GAAP Reconciliation

The accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - All Governmental Fund Types" presents comparisons of the legally adopted budget with actual data on a budgetary basis for the general, special revenue, debt service, and capital projects fund types. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues and other sources of financial resources over (under) expenditures and other uses of financial resources for the year ended June 30, 2002, is presented as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses (budgetary basis)	\$ 279,690	\$(1,175,137)	\$ (141,731)	\$ 12,679,282
Adjustments:				
To adjust revenues for accruals	18,937	(678,444)	44,742	(1,622,883)
To adjust expenditures for accruals	<u>239,615</u>	<u>(1,196,679)</u>	<u>(40,141)</u>	<u>51,635</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses (GAAP basis)	<u>\$ 538,242</u>	<u>\$(3,050,260)</u>	<u>\$ (137,130)</u>	<u>\$ 11,108,034</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Deficit Fund Equity

The following funds had deficit retained earnings/fund balances amounts as of June 30, 2002:

Capital Projects	
Airport Construction	\$ 127,625
Enterprise	
Transit System	2,581,535
Internal Service	
General Service	9,389
Garage Service	11,317

Comparison of Actual Disbursements with Budget (Budgetary Basis)

Under Iowa law, cities are required to account for disbursements in terms of City government programs. The four City government programs are Policy and Administration, Community Protection, Home and Community Environment, and Human Development. The following table for the entire City, which includes the general, special revenue, debt service, capital projects, enterprise, internal service, and trust funds, has been prepared to demonstrate legal compliance with that requirement:

<u>Program</u>	<u>Appropriations</u>	<u>Actual Disbursements</u>	<u>Variance Favorable (Unfavorable)</u>
Policy and administration	\$ 6,671,022	\$ 5,536,575	\$ 1,134,447
Community protection	18,258,053	17,217,399	1,040,654
Home and community environment	130,064,398	58,726,922	71,337,476
Human development	13,433,503	9,745,746	3,687,757
Total	<u>\$ 168,426,976</u>	<u>\$ 91,226,642</u>	<u>\$ 77,200,334</u>

NOTE 3 – CASH ON HAND, DEPOSITS, AND INVESTMENTS

Cash on Hand. Cash on hand represents undeposited collections together with authorized change funds and petty cash funds used for current operating purposes. The carrying amount at year-end was \$8,475 for the City and \$350 for the Dubuque Metropolitan Area Solid Waste Agency.

Deposits. At year-end, the City's carrying amount of deposits was \$36,981,615 and the bank balance was \$39,604,217. The City's deposits in banks at June 30, 2002, 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
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The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was \$8,912,764 and the bank balance was \$9,227,529. The Agency's deposits in banks at June 30, 2002, 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, 2002, are as follows:

	Categories			Fair Value
	1	2	3	
U.S. Treasury Securities	\$ 2,116,129	\$ -	\$ -	\$ 2,116,129
Federal Agency Obligations	21,675,146	-	-	21,675,146
Corporate Stock	61,008	-	-	61,008
	<u>\$ 23,852,283</u>	<u>\$ -</u>	<u>\$ -</u>	23,852,283
Investment Pools:				
Mutual U.S. Government Bond Fund				<u>1,623,207</u>
Total Investments				<u>\$ 25,475,490</u>

The Dubuque Metropolitan Area Solid Waste Agency had no investments at June 30, 2002.

A reconciliation of cash and investments as shown on the combined balance sheet for the primary government follows:

Cash on hand	\$ 8,475
Carrying amount of deposits	36,981,615
Carrying amount of investments	<u>25,475,490</u>
Total	<u>\$ 62,465,580</u>
Cash and pooled cash investments	\$ 61,602,227
Cash and pooled cash investments – nonexpendable trust	140,275
Cash and pooled cash investments – restricted	<u>723,078</u>
Total	<u>\$ 62,465,580</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 4 – CASH AND POOLED CASH INVESTMENTS – OVERDRAFT

When a fund overdraws its share of a pooled cash account, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable has been reported in the General Fund. The difference between the General Fund's carrying amount of the cash pool and the equity displayed on the General Fund's balance sheet amounts to \$65,020.

NOTE 5 – FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance July 1, 2001	Change in Capitalization Policy – Deductions	Additions	Retirements	Balance June 30, 2002
Land	\$ 15,543,862	\$ 9,290	\$ 8,326,435	\$ 2,061,756	\$ 21,799,251
Buildings and improvements	40,430,140	67,224	2,200,580	238,036	42,325,460
Improvements other than buildings	19,808,901	34,156	890,079	8,323,713	12,341,111
Machinery and equipment	18,369,074	3,261,498	3,591,149	861,119	17,837,606
Construction in progress	2,521,883	-	18,069,812	20,086,012	505,683
Total General Fixed Assets	\$ 96,673,860	\$ 3,372,168	\$ 33,078,055	\$ 31,570,636	\$ 94,809,111

The change in capitalization policy-deductions reflects increasing the fixed asset capitalization policy from \$1,000 to \$5,000.

The following is a summary of proprietary fund type assets at June 30, 2002:

	Enterprise Funds	Internal Service Funds
Land	\$ 6,335,936	\$ -
Buildings and improvements	53,054,022	-
Improvements other than buildings	23,760,271	-
Machinery and equipment	39,620,390	125,240
Construction in progress	12,470,389	-
Accumulated depreciation	(52,688,460)	(51,751)
Net Fixed Assets	\$ 82,552,548	\$ 73,489

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

The following is a summary of proprietary fund type fixed assets for the Dubuque Metropolitan Area Solid Waste Agency at June 30, 2002:

Land	\$ 552,528
Buildings and improvements	5,945,497
Machinery and equipment	1,820,254
Accumulated depreciation	<u>(4,544,480)</u>
Net Fixed Assets	<u>\$ 3,773,799</u>

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Internal Service Funds	
	General Service	\$ 1,491
	Garage Service	<u>63,529</u>
		<u>\$ 65,020</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise Funds	
	Water Utility	\$ <u>482,077</u>

Advances to/from primary government and component unit:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Component unit – Dubuque Metropolitan Area Solid Waste Agency	Primary government – Sewage Disposal Works Enterprise Fund	<u>\$ 438,750</u>

NOTE 7 – LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

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, 2002, are as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
Corporate purpose	06/01/93	05/01/94-05/01/03	4.50%	\$ 4,615,000	\$ 425,000
Corporate purpose	05/01/94	05/01/95-05/01/04	5.13	3,100,000	595,000
Corporate purpose	07/01/95	05/01/96-05/01/05	4.65-4.90	2,000,000	950,000
Corporate purpose	06/01/00	06/01/02-06/01/20	5.80-5.88	2,750,000	2,660,000
Corporate purpose	11/01/00	06/01/02-06/01/20	5.00-5.25	6,265,000	6,060,000
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	3.00-5.00	1,000,000	1,000,000
				<u>\$ 32,090,000</u>	<u>\$ 24,050,000</u>

Annual debt service requirements to maturity for general obligation bonds, including interest of \$12,720,056, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>General Long-Term Debt Account Group/Enterprise Funds</u>
2003	\$ 2,794,434
2004	2,292,013
2005	2,448,790
2006	1,665,540
2007	1,883,138
2008-2021	<u>25,686,141</u>
Total	<u>\$ 36,770,056</u>

Tax-Increment Financing Bonds. The City issues tax-increment financing bonds to provide funds for urban renewal projects. The City pledges property tax revenues from the tax-increment financing districts to pay debt service. These bonds 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, 2002, 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	\$ 833,328
Categraph Systems	12/01/99	12/31/01-12/31/10	8.8	360,000	333,122
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1	3,168,538	3,168,538
				<u>\$ 4,428,538</u>	<u>\$ 4,334,988</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Annual debt service requirements to maturity for tax-increment financing bonds, including interest of \$2,105,229, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2003	\$ 675,372
2004	675,372
2005	675,372
2006	675,372
2007	675,372
2008-2012	<u>3,063,357</u>
Total	<u>\$ 6,440,217</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, 2002, 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	4.30-4.75%	\$ 2,515,000	\$ 1,720,000

Revenue bond debt service requirements to maturity, including interest of \$378,410, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2003	\$ 258,625
2004	260,885
2005	262,525
2006	263,525
2007	263,970
2008-2010	<u>788,880</u>
Total	<u>\$ 2,098,410</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

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, 2002, 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>
Economic development	04/15/97	05/01/03	4.40%	\$ 700,000	\$ 616,000
Economic development	02/27/98	03/01/04	4.40	655,500	655,500
Economic development	07/15/99	07/01/00-07/01/02	None	800,000	266,667
Land purchase	06/30/00	07/01/03	6.00	320,000	286,523
Equipment	02/25/02	07/01/04	None	40,000	40,000
				<u>\$ 2,515,500</u>	<u>\$ 1,864,690</u>

Debt service requirements to maturity for notes payable, including interest of \$109,186, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2003	\$ 671,946
2004	1,261,930
2005	<u>40,000</u>
Total	<u>\$ 1,973,876</u>

Changes in Long-term Liabilities. During the fiscal year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2002</u>
Accrued Compensated Absences	\$ 1,570,162	\$ 28,242	\$ -	\$ 1,598,404
Notes Payable -- Long-term	2,118,279	40,000	293,589	1,864,690
General Obligation Debt	9,005,000	13,360,000	1,420,000	20,945,000
Tax-Increment Financing Debt	<u>4,158,751</u>	<u>269,787</u>	<u>93,550</u>	<u>4,334,988</u>
Totals	<u>\$ 16,852,192</u>	<u>\$ 13,698,029</u>	<u>\$ 1,807,139</u>	<u>\$ 28,743,082</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 8 – CONTRIBUTED CAPITAL

The changes in the City's contributed capital accounts for its enterprise and internal service funds were as follows:

Sources	Sewage Disposal Works	Water Utility	Parking Facilities	Refuse Collection	Transit System	America's River Project	Garage Service
Beginning balance, contributed capital	\$28,665,261	\$ 4,213,543	\$ 178,307	\$ 336,354	\$ 6,614,367	\$ -	\$ 24,233
Contributions received from government	-	-	62,016	-	-	682,400	-
Ending balance, contributed capital	<u>\$28,665,261</u>	<u>\$ 4,213,543</u>	<u>\$ 240,323</u>	<u>\$ 336,354</u>	<u>\$ 6,614,367</u>	<u>\$ 682,400</u>	<u>\$ 24,233</u>

NOTE 9 – 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 \$70,000, and an aggregate stop loss of approximately \$3,770,000 for 2002. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop loss amount of \$400,000, and an aggregate stop loss consistent with statutory limits for 2002. 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
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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 \$608,502 in the Health Insurance Reserve Fund and \$325,751 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, 2001 and 2002, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
Liabilities at June 30, 2000	\$ 458,867	\$ 127,079
Claims and changes in estimates during fiscal year 2001	3,309,388	205,638
Claim payments	<u>(3,231,747)</u>	<u>(156,168)</u>
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	<u>\$ 608,502</u>	<u>\$ 325,751</u>

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 456 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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 Basis Rates of all Members, or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
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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, 2002, were \$346,948.

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, 2002, no liability has been recorded in the City's financial statements. As of June 30, 2002, 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.

NOTE 10 – SEGMENT INFORMATION – ENTERPRISE FUNDS

The City maintains six enterprise funds which provide sewage disposal, water, parking, refuse, and transit services, as well as accounting for construction associated with the America's River Project. Selected financial information for the fiscal year ended June 30, 2002, is as follows:

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
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	Sewage Disposal Works	Water Utility	Parking Facilities	Refuse Collection	Transit System	America's River Project	Total Enterprise Funds
Operating revenues	\$ 4,432,165	\$ 4,135,239	\$ 1,401,694	\$ 1,905,779	\$ 187,785	\$ 7,646	\$ 12,070,308
Depreciation expense	1,078,583	793,406	362,576	147,398	237,845	1,497	2,621,305
Operating income (loss)	(12,305)	231,296	302,576	63,810	(1,620,395)	(103,575)	(1,138,593)
Operating grants	-	-	-	950	796,543	-	797,493
Operating transfers:							
In	144,415	1,326,600	-	-	60,000	9,882,571	11,413,586
Out	412,175	497,977	984,911	179,822	-	26,466	2,101,351
Tax revenues	-	-	-	-	410,872	-	410,872
Net income (loss)	32,153	1,606,579	(879,521)	(111,671)	919,092	10,380,146	11,946,778
Current capital contributions	113,483	476,465	62,016	-	1,310,698	1,307,540	3,270,202
Fixed assets:							
Additions	482,592	1,482,850	80,496	26,500	1,704,687	9,309,683	13,086,808
Deletions	-	59,925	-	13,952	119,178	-	193,055
Net working capital	4,361,910	2,625,422	474,250	1,050,873	332,918	(375,738)	8,469,635
Total assets	36,792,368	24,482,737	10,833,465	1,604,138	4,606,639	16,236,939	94,556,286
Bonds payable from operating revenues	310,000	135,000	4,333,917	-	-	-	4,778,917
Total equity	35,814,896	23,599,842	6,412,951	1,518,860	4,032,832	15,861,201	87,240,582

NOTE 11 – 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, 2002.

Litigation

The City's corporation counsel reported that as of June 30, 2002, 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
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Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2002. The City has additional commitments for signed construction contracts of approximately \$13,665,000 as of June 30, 2002. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

NOTE 12 – 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, 2002, 56 retirees were eligible for these benefits, and the cost of the benefits for the fiscal year ended June 30, 2002, totaled \$26,298.

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS

MFPSI

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

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, 2002, 2001, and 2000, were \$1,338,824, \$1,327,178, and \$1,280,060, 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

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, 2002, 2001, and 2000, were \$834,972, \$828,947, and \$802,297, respectively, equal to the required contributions for each year.

NOTE 14 – 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, 2002, there were three series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$6,694,500.

NOTE 15 – 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 balance sheet date. The \$2,051,474 reported as landfill closure and postclosure care liability at June 30, 2002, 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 45 percent of the estimated capacity of cells 5 and 6. The Agency will recognize the remaining estimated cost of closure and postclosure care of \$1,677,579 as the remaining capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 2002. The Agency expects to close cells 3 and 4 in 2003 and to close the current generation of permitted cells in 2010. The Agency is making plans to construct a second generation of cells to extend the life of the landfill to 2050. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2002, funds have been restricted for closure and postclosure costs in the amount of \$2,067,736, which exceeds the liability currently recognized.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

NOTE 16 – 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.

NOTE 17 – RESTATEMENT OF BEGINNING BALANCES

The restatement of retained earnings was due to changing the fixed asset capitalization threshold to \$5,000.

	Proprietary Fund Types						Component Unit
	Enterprise					Internal Service	Dubuque Metropolitan Area Solid
	Sewage Disposal Works	Water Utility	Parking Facilities	Refuse Collection	Transit System	Garage Service	Waste Agency
Retained earnings June 30, 2001, as previously reported	\$ 7,157,040	\$ 18,013,602	\$ 7,073,988	\$ 1,295,610	\$ (3,484,162)	\$ 50,594	\$ 11,076,682
Adjustment Effect of change in capitalization policy	(39,558)	(233,882)	(21,839)	(1,433)	(16,465)	(4,878)	(6,905)
Retained earnings June 30, 2001, as restated	<u>\$ 7,117,482</u>	<u>\$ 17,779,720</u>	<u>\$ 7,052,149</u>	<u>\$ 1,294,177</u>	<u>\$ (3,500,627)</u>	<u>\$ 45,716</u>	<u>\$ 11,069,777</u>

NOTE 18 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS

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

Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, issued June 1999 and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, issued March 2000, will be effective for the City of Dubuque for the fiscal year ending June 30, 2003. Statement No. 34 and Interpretation No. 6 impose new standards for financial reporting. Management has not yet completed their assessment of these pronouncements; however, they will have a material effect on the overall financial statement presentation of the City of Dubuque, Iowa.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

Statement No. 37, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments: Omnibus*, issued June 2001, will be effective for the City simultaneously with the implementation of GASB Statement No. 34. This Statement amends certain provisions of Statement No. 34 and Statement No. 21, *Accounting for Escheat Property*.

Statement No. 38, *Certain Financial Statement Note Disclosures*, issued June 2001, will be effective for the City simultaneously with the implementation of GASB Statement No. 34. This Statement modifies, establishes, and rescinds certain financial statement disclosure requirements.

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.

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

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF DUBUQUE, IOWA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2002

EXHIBIT A-1

ASSETS

Cash and pooled cash investments	\$ 20,134,800
Receivables	
Property tax	
Delinquent	220,355
Succeeding year	12,490,778
Accounts	420,136
Accrued interest	214,829
Intergovernmental	820,996
Due from other funds	65,020
Inventory	61,828
Prepaid items	4,564
Advances to other funds	<u>482,077</u>
 Total Assets	 <u>\$ 34,915,383</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 511,601
Accrued payroll	135,660
Accrued compensated absences	386,438
Deferred revenue	
Succeeding year property tax	12,490,778
Other	<u>29,680</u>
Total Liabilities	<u>13,554,157</u>

FUND BALANCES

Reserved for	
Encumbrances	3,330,054
Advances	482,077
Unreserved, undesignated	<u>17,549,095</u>
Total Fund Balances	<u>21,361,226</u>
 Total Liabilities and Fund Balances	 <u>\$ 34,915,383</u>

CITY OF DUBUQUE, IOWA**EXHIBIT A-2****GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002****REVENUES**

Taxes	\$ 21,400,553
Licenses and permits	702,726
Intergovernmental	1,806,225
Charges for services	8,847,155
Fines and forfeits	410,464
Miscellaneous	791,788
Interest	<u>1,528,893</u>
Total Revenues	<u>35,487,804</u>

EXPENDITURES

Current	
Policy and administration	4,579,274
Community protection	16,384,737
Home and community environment	5,631,886
Human development	<u>8,294,080</u>
Total Expenditures	<u>34,889,977</u>

EXCESS OF REVENUES OVER EXPENDITURES	<u>597,827</u>
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OTHER FINANCING SOURCES (USES)

Proceeds from issuance of debt	40,000
Operating transfers in	3,309,807
Operating transfers from component unit	29,074
Operating transfers out	<u>(3,438,466)</u>
Total Other Financing Sources (Uses)	<u>(59,585)</u>

**EXCESS OF REVENUES AND OTHER SOURCES
OVER EXPENDITURES AND OTHER USES**

538,242

FUND BALANCES, BEGINNING20,822,984**FUND BALANCES, ENDING**\$ 21,361,226

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.

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

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

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.

CITY OF DUBUQUE, IOWA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002

	<u>Road Use Tax</u>	<u>Employee Benefits</u>	<u>Community Development</u>	<u>Section VIII Housing</u>
ASSETS				
Cash and pooled cash investments	\$ 4,661,148	\$ 72,486	\$ 2,158,801	\$ 267,530
Receivables				
Property tax				
Delinquent	-	41,717	-	-
Succeeding year	-	1,924,368	-	-
Special assessments	-	-	-	-
Accrued interest	-	-	47,958	-
Notes - current	-	-	693,187	1,500
Notes - long-term	-	-	10,326,375	8,290
Intergovernmental	392,088	-	330,263	243,517
Prepaid items	-	-	11,875	-
Restricted assets				
Cash and pooled cash investments	-	-	-	-
Total Assets	<u>\$ 5,053,236</u>	<u>\$ 2,038,571</u>	<u>\$ 13,568,459</u>	<u>\$ 520,837</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 85,258	\$ -	\$ 77,831	\$ 24,212
Accrued payroll	6,749	-	5,737	2,587
Accrued compensated absences	-	-	7,283	26,373
Intergovernmental payable	-	-	-	14,049
Deferred revenue				
Succeeding year property tax	-	1,924,368	-	-
Other	-	4,152	-	-
Total Liabilities	<u>92,007</u>	<u>1,928,520</u>	<u>90,851</u>	<u>67,221</u>
FUND BALANCES				
Reserved for/by				
Long-term notes receivable	-	-	10,326,375	8,290
Encumbrances	49,932	-	547,541	3,220
Bond ordinance	-	-	-	-
Unreserved, undesignated (deficit)	<u>4,911,297</u>	<u>110,051</u>	<u>2,603,692</u>	<u>442,106</u>
Total Fund Balances	<u>4,961,229</u>	<u>110,051</u>	<u>13,477,608</u>	<u>453,616</u>
Total Liabilities and Fund Balances	<u>\$ 5,053,236</u>	<u>\$ 2,038,571</u>	<u>\$ 13,568,459</u>	<u>\$ 520,837</u>

<u>Tort Liability</u>	<u>Police and Fire Retirement</u>	<u>Special Assessments</u>	<u>Tax Increment Financing</u>	<u>Total</u>
\$ 15,205	\$ 372,632	\$ 1,062,382	\$ 55,812	\$ 8,665,996
4,157	-	-	-	45,874
225,668	-	-	-	2,150,036
-	-	549,916	-	549,916
-	-	6,976	2,899	57,833
-	-	-	-	694,687
-	-	-	-	10,334,665
-	-	-	-	965,868
-	-	-	-	11,875
-	-	-	150,526	150,526
<u>\$ 245,030</u>	<u>\$ 372,632</u>	<u>\$ 1,619,274</u>	<u>\$ 209,237</u>	<u>\$ 23,627,276</u>
\$ -	\$ -	\$ -	\$ 74,397	\$ 261,698
-	-	-	-	15,073
-	-	-	-	33,656
-	-	-	-	14,049
225,668	-	-	-	2,150,036
414	-	438,932	-	443,498
<u>226,082</u>	<u>-</u>	<u>438,932</u>	<u>74,397</u>	<u>2,918,010</u>
-	-	-	-	10,334,665
-	-	-	-	600,693
-	-	-	150,526	150,526
18,948	372,632	1,180,342	(15,686)	9,623,382
<u>18,948</u>	<u>372,632</u>	<u>1,180,342</u>	<u>134,840</u>	<u>20,709,266</u>
<u>\$ 245,030</u>	<u>\$ 372,632</u>	<u>\$ 1,619,274</u>	<u>\$ 209,237</u>	<u>\$ 23,627,276</u>

CITY OF DUBUQUE, IOWA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Road Use Tax	Employee Benefits	Community Development	Section VIII Housing
REVENUES				
Taxes	\$ -	\$ 2,236,850	\$ -	\$ -
Special assessments	-	-	-	-
Intergovernmental	4,670,830	-	3,354,685	4,291,899
Miscellaneous	-	-	82,906	18,668
Interest	-	-	180,429	1,610
Total Revenues	<u>4,670,830</u>	<u>2,236,850</u>	<u>3,618,020</u>	<u>4,312,177</u>
EXPENDITURES				
Current				
Policy and administration	13,934	263	389,280	-
Community protection	1,259	-	-	-
Home and community environment	2,120,301	-	2,265,041	4,269,113
Human development	-	-	226,090	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>2,135,494</u>	<u>263</u>	<u>2,880,411</u>	<u>4,269,113</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,535,336</u>	<u>2,236,587</u>	<u>737,609</u>	<u>43,064</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	-	-
Operating transfers in	-	145,878	250,000	-
Operating transfers out	(1,721,243)	(2,359,502)	(1,505,523)	(820)
Total Other Financing Sources (Uses)	<u>(1,721,243)</u>	<u>(2,213,624)</u>	<u>(1,255,523)</u>	<u>(820)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	814,093	22,963	(517,914)	42,244
FUND BALANCES, BEGINNING	<u>4,147,136</u>	<u>87,088</u>	<u>13,995,522</u>	<u>411,372</u>
FUND BALANCES, ENDING	<u>\$ 4,961,229</u>	<u>\$ 110,051</u>	<u>\$ 13,477,608</u>	<u>\$ 453,616</u>

<u>Tort Liability</u>	<u>Police and Fire Retirement</u>	<u>Special Assessments</u>	<u>Tax Increment Financing</u>	<u>Total</u>
\$ 223,049	\$ -	\$ -	\$ 1,303,979	\$ 3,763,878
-	-	632,241	-	632,241
-	-	-	-	12,317,414
-	-	-	-	101,574
-	-	85,435	146,955	414,429
<u>223,049</u>	<u>-</u>	<u>717,676</u>	<u>1,450,934</u>	<u>17,229,536</u>
-	-	-	-	403,477
-	-	-	-	1,259
-	-	-	74,396	8,728,851
-	-	-	-	226,090
-	-	-	543,467	543,467
-	-	-	706,212	706,212
-	-	-	<u>1,324,075</u>	<u>10,609,356</u>
<u>223,049</u>	<u>-</u>	<u>717,676</u>	<u>126,859</u>	<u>6,620,180</u>
-	-	-	269,787	269,787
-	-	-	-	395,878
<u>(221,171)</u>	<u>(145,878)</u>	<u>(385,481)</u>	<u>(3,996,487)</u>	<u>(10,336,105)</u>
<u>(221,171)</u>	<u>(145,878)</u>	<u>(385,481)</u>	<u>(3,726,700)</u>	<u>(9,670,440)</u>
1,878	(145,878)	332,195	(3,599,841)	(3,050,260)
<u>17,070</u>	<u>518,510</u>	<u>848,147</u>	<u>3,734,681</u>	<u>23,759,526</u>
<u>\$ 18,948</u>	<u>\$ 372,632</u>	<u>\$ 1,180,342</u>	<u>\$ 134,840</u>	<u>\$ 20,709,266</u>

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.

CITY OF DUBUQUE, IOWA
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2002

EXHIBIT C-1

ASSETS

Cash and pooled cash investments	\$ 194,356
Receivables	
Property tax	
Delinquent	19,257
Succeeding year	655,564
Accrued interest	<u>6,064</u>
 Total Assets	 <u>\$ 875,241</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	
Succeeding year property tax	\$ 655,564
Other	<u>1,917</u>
 Total Liabilities	 657,481

FUND BALANCE

Reserved for debt service	<u>217,760</u>
 Total Liabilities and Fund Balance	 <u>\$ 875,241</u>

CITY OF DUBUQUE, IOWA**EXHIBIT C-2****DEBT SERVICE FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

REVENUES

Taxes	\$ 1,139,237
Interest	<u>36,541</u>
Total Revenues	<u>1,175,778</u>

EXPENDITURES

Current	
Policy and administration	3,703
Debt service	
Principal retirement	1,241,922
Interest	<u>145,423</u>
Total Expenditures	<u>1,391,048</u>

DEFICIENCY OF REVENUES UNDER EXPENDITURES (215,270)

OTHER FINANCING SOURCES

Operating transfers in	<u>78,140</u>
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DEFICIENCY OF REVENUES AND OTHER SOURCES
UNDER EXPENDITURES

(137,130)

FUND BALANCE, BEGINNING

354,890

FUND BALANCE, ENDING

\$ 217,760

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.

CITY OF DUBUQUE, IOWA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002

	<u>Street Construction</u>	<u>Storm Sewer Construction</u>	<u>Dog Track Depreciation</u>
ASSETS			
Cash and pooled cash investments	\$ 3,755,129	\$ 775,820	\$ 889,875
Receivables			
Accrued interest	23,456	3,707	6,287
Intergovernmental	<u>298,436</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 4,077,021</u>	 <u>\$ 779,527</u>	 <u>\$ 896,162</u>
 LIABILITIES AND FUND BALANCES (DEFICIT)			
LIABILITIES			
Accounts payable	<u>\$ 569,232</u>	<u>\$ 1,389</u>	<u>\$ -</u>
 FUND BALANCES (DEFICIT)			
Reserved for			
Encumbrances	3,507,789	20,120	-
Dog track	-	-	896,162
Unreserved, undesignated (deficit)	<u>-</u>	<u>758,018</u>	<u>-</u>
 Total Fund Balances (Deficit)	 <u>3,507,789</u>	 <u>778,138</u>	 <u>896,162</u>
 Total Liabilities and Fund Balances (Deficit)	 <u>\$ 4,077,021</u>	 <u>\$ 779,527</u>	 <u>\$ 896,162</u>

<u>General Construction</u>	<u>Airport Construction</u>	<u>Sales Tax Construction</u>	<u>Total</u>
\$ 13,192,316	\$ 98,983	\$ 1,800,734	\$ 20,512,857
6,394	-	13,950	53,794
<u>-</u>	<u>5,051</u>	<u>198,957</u>	<u>502,444</u>
<u>\$ 13,198,710</u>	<u>\$ 104,034</u>	<u>\$ 2,013,641</u>	<u>\$ 21,069,095</u>
<u>\$ 693,557</u>	<u>\$ 231,659</u>	<u>\$ 11,676</u>	<u>\$ 1,507,513</u>
593,233	-	5,808	4,126,950
-	-	-	896,162
<u>11,911,920</u>	<u>(127,625)</u>	<u>1,996,157</u>	<u>14,538,470</u>
<u>12,505,153</u>	<u>(127,625)</u>	<u>2,001,965</u>	<u>19,561,582</u>
<u>\$ 13,198,710</u>	<u>\$ 104,034</u>	<u>\$ 2,013,641</u>	<u>\$ 21,069,095</u>

CITY OF DUBUQUE, IOWA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICIT)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Street Construction</u>	<u>Storm Sewer Construction</u>	<u>Dog Track Depreciation</u>
REVENUES			
Taxes	\$ 1,990,061	\$ -	\$ -
Intergovernmental	-	-	-
Miscellaneous	134,545	3,329	-
Racing Association	-	-	120,000
Passenger facility charges	-	-	-
Interest	<u>158,018</u>	<u>20,196</u>	<u>46,395</u>
Total Revenues	2,282,624	23,525	166,395
EXPENDITURES			
Capital outlay	<u>6,875,530</u>	<u>71,666</u>	<u>26,293</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,592,906)</u>	<u>(48,141)</u>	<u>140,102</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt	-	-	-
Operating transfers in	4,219,094	420,836	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,219,094</u>	<u>420,836</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(373,812)	372,695	140,102
FUND BALANCES (DEFICIT), BEGINNING	<u>3,881,601</u>	<u>405,443</u>	<u>756,060</u>
FUND BALANCES (DEFICIT), ENDING	<u>\$ 3,507,789</u>	<u>\$ 778,138</u>	<u>\$ 896,162</u>

<u>General Construction</u>	<u>Airport Construction</u>	<u>Sales Tax Construction</u>	<u>Total</u>
\$ -	\$ -	\$ 1,326,707	\$ 3,316,768
500,000	1,920,055	-	2,420,055
2,108,368	-	26,551	2,272,793
15,000	-	-	135,000
-	231,717	-	231,717
<u>173,948</u>	<u>3,276</u>	<u>95,209</u>	<u>497,042</u>
2,797,316	2,155,048	1,448,467	8,873,375
<u>1,144,126</u>	<u>1,828,786</u>	<u>1,873,270</u>	<u>11,819,671</u>
<u>1,653,190</u>	<u>326,262</u>	<u>(424,803)</u>	<u>(2,946,296)</u>
13,252,218	-	-	13,252,218
780,000	-	-	5,419,930
<u>(4,494,174)</u>	<u>-</u>	<u>(123,644)</u>	<u>(4,617,818)</u>
<u>9,538,044</u>	<u>-</u>	<u>(123,644)</u>	<u>14,054,330</u>
11,191,234	326,262	(548,447)	11,108,034
<u>1,313,919</u>	<u>(453,887)</u>	<u>2,550,412</u>	<u>8,453,548</u>
<u>\$ 12,505,153</u>	<u>\$ (127,625)</u>	<u>\$ 2,001,965</u>	<u>\$ 19,561,582</u>

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.

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

Water Utility Fund – This fund is used to account for the operations of the City's water facilities and services.

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

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.

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

CITY OF DUBUQUE, IOWA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002

	Sewage Disposal Works	Water Utility
ASSETS		
CURRENT ASSETS		
Cash and pooled cash investments	\$ 4,584,431	\$ 2,606,439
Receivables		
Property tax		
Delinquent	-	-
Succeeding year	-	-
Accounts	544,198	492,075
Accrued interest	35,716	18,425
Intergovernmental	-	-
Inventory	-	311,378
Prepaid items	5,037	-
Total Current Assets	<u>5,169,382</u>	<u>3,428,317</u>
RESTRICTED ASSETS		
Cash and pooled cash investments	<u>-</u>	<u>-</u>
FIXED ASSETS		
Land	175,671	76,697
Buildings and improvements	31,603,036	7,687,015
Improvements other than buildings	23,760,271	-
Machinery and equipment	6,272,772	28,113,403
Construction in progress	370,970	112,414
Accumulated depreciation	<u>(30,559,734)</u>	<u>(14,935,109)</u>
Net Fixed Assets	<u>31,622,986</u>	<u>21,054,420</u>
 Total Assets	 <u>\$ 36,792,368</u>	 <u>\$ 24,482,737</u>

<u>Parking Facilities</u>	<u>Refuse Collection</u>	<u>Transit System</u>	<u>America's River Project</u>	<u>Total</u>
\$ 795,903	\$ 917,363	\$ 203,714	\$ -	\$ 9,107,850
-	-	7,260	-	7,260
-	-	481,982	-	481,982
6,465	211,412	2,137	-	1,256,287
7,570	7,376	-	-	69,087
-	-	206,302	-	206,302
-	-	5,330	-	316,708
-	-	-	-	5,037
<u>809,938</u>	<u>1,136,151</u>	<u>906,725</u>	<u>-</u>	<u>11,450,513</u>
<u>553,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>553,225</u>
1,237,209	-	36,000	4,810,359	6,335,936
11,870,381	-	1,893,590	-	53,054,022
-	-	-	-	23,760,271
571,269	1,208,477	3,379,102	75,367	39,620,390
573,861	-	60,434	11,352,710	12,470,389
<u>(4,782,418)</u>	<u>(740,490)</u>	<u>(1,669,212)</u>	<u>(1,497)</u>	<u>(52,688,460)</u>
<u>9,470,302</u>	<u>467,987</u>	<u>3,699,914</u>	<u>16,236,939</u>	<u>82,552,548</u>
<u>\$ 10,833,465</u>	<u>\$ 1,604,138</u>	<u>\$ 4,606,639</u>	<u>\$ 16,236,939</u>	<u>\$ 94,556,286</u>

(continued)

CITY OF DUBUQUE, IOWA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002

	Sewage Disposal Works	Water Utility
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 130,792	\$ 183,572
Accrued payroll	18,183	6,082
General obligation bonds payable - current	140,000	55,000
Revenue bonds payable - current	-	-
Accrued compensated absences	79,747	76,164
Advances from other funds	-	482,077
Advances from component unit	438,750	-
Deferred revenue - succeeding year property tax	-	-
Total Current Liabilities	<u>807,472</u>	<u>802,895</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accrued interest payable	<u>-</u>	<u>-</u>
NONCURRENT LIABILITIES		
General obligation bonds payable (net of discount of \$24,750)	170,000	80,000
Revenue bonds payable (net of \$21,333 deferred amount on refunding)	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>170,000</u>	<u>80,000</u>
Total Liabilities	<u>977,472</u>	<u>882,895</u>
EQUITY		
Contributed Capital		
Government	5,369,732	1,623,408
Intergovernmental	11,943,895	-
Developers and users	<u>11,351,634</u>	<u>2,590,135</u>
Total Contributed Capital	<u>28,665,261</u>	<u>4,213,543</u>
Retained Earnings (Deficit)		
Reserved by bond ordinance	-	-
Unreserved	<u>7,149,635</u>	<u>19,386,299</u>
Total Retained Earnings (Deficit)	<u>7,149,635</u>	<u>19,386,299</u>
Total Equity	<u>35,814,896</u>	<u>23,599,842</u>
Total Liabilities and Equity	<u>\$ 36,792,368</u>	<u>\$ 24,482,737</u>

EXHIBIT E-1
(continued)

<u>Parking Facilities</u>	<u>Refuse Collection</u>	<u>Transit System</u>	<u>America's River Project</u>	<u>Total</u>
\$ 19,043	\$ 15,767	\$ 62,108	\$ 375,738	\$ 787,020
6,528	14,847	9,543	-	55,183
95,000	-	-	-	290,000
180,000	-	-	-	180,000
35,117	54,664	20,174	-	265,866
-	-	-	-	482,077
-	-	-	-	438,750
-	-	481,982	-	481,982
<u>335,688</u>	<u>85,278</u>	<u>573,807</u>	<u>375,738</u>	<u>2,980,878</u>
 25,909	 -	 -	 -	 25,909
 2,540,250	 -	 -	 -	 2,790,250
<u>1,518,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,518,667</u>
<u>4,058,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,308,917</u>
<u>4,420,514</u>	<u>85,278</u>	<u>573,807</u>	<u>375,738</u>	<u>7,315,704</u>
 240,323	 61,704	 1,408,710	 682,400	 9,386,277
-	274,650	5,205,657	-	17,424,202
-	-	-	-	13,941,769
<u>240,323</u>	<u>336,354</u>	<u>6,614,367</u>	<u>682,400</u>	<u>40,752,248</u>
 553,225	 -	 -	 -	 553,225
<u>5,619,403</u>	<u>1,182,506</u>	<u>(2,581,535)</u>	<u>15,178,801</u>	<u>45,935,109</u>
<u>6,172,628</u>	<u>1,182,506</u>	<u>(2,581,535)</u>	<u>15,178,801</u>	<u>46,488,334</u>
<u>6,412,951</u>	<u>1,518,860</u>	<u>4,032,832</u>	<u>15,861,201</u>	<u>87,240,582</u>
<u>\$ 10,833,465</u>	<u>\$ 1,604,138</u>	<u>\$ 4,606,639</u>	<u>\$ 16,236,939</u>	<u>\$ 94,556,286</u>

CITY OF DUBUQUE, IOWA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS (DEFICIT)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Sewage Disposal Works	Water Utility
OPERATING REVENUES		
Charges for sales and services	\$ 4,345,309	\$ 4,042,272
Other	86,856	92,967
Total Operating Revenues	<u>4,432,165</u>	<u>4,135,239</u>
OPERATING EXPENSES		
Employee expense	1,275,461	1,240,093
Utilities	414,934	387,907
Repairs and maintenance	198,523	136,706
Supplies and services	1,407,038	1,293,281
Insurance	69,931	52,550
Depreciation	1,078,583	793,406
Total Operating Expenses	<u>4,444,470</u>	<u>3,903,943</u>
OPERATING INCOME (LOSS)	<u>(12,305)</u>	<u>231,296</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	241,526	109,189
Interest expense	(42,791)	(38,994)
Operating grants	-	-
Taxes	-	-
Loss on disposal of assets	-	-
Total Nonoperating Revenues (Expenses)	<u>198,735</u>	<u>70,195</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS	<u>186,430</u>	<u>301,491</u>
CAPITAL CONTRIBUTIONS	<u>113,483</u>	<u>476,465</u>
OPERATING TRANSFERS		
Operating transfers in	144,415	1,326,600
Operating transfers out	(412,175)	(497,977)
Total Operating Transfers	<u>(267,760)</u>	<u>828,623</u>
NET INCOME (LOSS)	32,153	1,606,579
RETAINED EARNINGS (DEFICIT), BEGINNING AS RESTATED	<u>7,117,482</u>	<u>17,779,720</u>
RETAINED EARNINGS (DEFICIT), ENDING	<u>\$ 7,149,635</u>	<u>\$ 19,386,299</u>

Parking Facilities	Refuse Collection	Transit System	America's River Project	Total
\$ 1,390,060	\$ 1,905,729	\$ 173,272	\$ -	\$ 11,856,642
11,634	50	14,513	7,646	213,666
<u>1,401,694</u>	<u>1,905,779</u>	<u>187,785</u>	<u>7,646</u>	<u>12,070,308</u>
450,165	923,983	712,126	-	4,601,828
60,315	1,463	46,531	-	911,150
28,024	508,424	192,511	-	1,064,188
181,958	241,223	546,636	109,724	3,779,860
16,080	19,478	72,531	-	230,570
362,576	147,398	237,845	1,497	2,621,305
<u>1,099,118</u>	<u>1,841,969</u>	<u>1,808,180</u>	<u>111,221</u>	<u>13,208,901</u>
<u>302,576</u>	<u>63,810</u>	<u>(1,620,395)</u>	<u>(103,575)</u>	<u>(1,138,593)</u>
50,659	4,941	-	2,476	408,791
(247,845)	-	-	-	(329,630)
-	950	796,543	-	797,493
-	-	410,872	-	410,872
-	(1,550)	(38,626)	-	(40,176)
<u>(197,186)</u>	<u>4,341</u>	<u>1,168,789</u>	<u>2,476</u>	<u>1,247,350</u>
<u>105,390</u>	<u>68,151</u>	<u>(451,606)</u>	<u>(101,099)</u>	<u>108,757</u>
<u>-</u>	<u>-</u>	<u>1,310,698</u>	<u>625,140</u>	<u>2,525,786</u>
-	-	60,000	9,882,571	11,413,586
(984,911)	(179,822)	-	(26,466)	(2,101,351)
<u>(984,911)</u>	<u>(179,822)</u>	<u>60,000</u>	<u>9,856,105</u>	<u>9,312,235</u>
(879,521)	(111,671)	919,092	10,380,146	11,946,778
<u>7,052,149</u>	<u>1,294,177</u>	<u>(3,500,627)</u>	<u>4,798,655</u>	<u>34,541,556</u>
<u>\$ 6,172,628</u>	<u>\$ 1,182,506</u>	<u>\$ (2,581,535)</u>	<u>\$ 15,178,801</u>	<u>\$ 46,488,334</u>

CITY OF DUBUQUE, IOWA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Sewage Disposal Works	Water Utility
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (12,305)	\$ 231,296
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	1,078,583	793,406
Changes in assets and liabilities		
Increase in accounts receivable	(29,896)	(5,836)
Increase in intergovernmental receivable	-	-
(Increase) decrease in inventory	-	(2,348)
Increase (decrease) in accounts payable	(60,942)	47,976
Increase (decrease) in accrued payroll	1,430	(9,248)
Increase (decrease) in accrued compensated absences	3,665	2,116
Decrease in due to component unit	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>980,535</u>	<u>1,057,362</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received	-	-
Operating grants received	-	-
Operating transfers in	144,415	1,326,600
Operating transfers out	(412,175)	(497,977)
Repayment of advances from other funds	(304,502)	(31,333)
Repayment of advances from component unit	(550,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,122,262)</u>	<u>797,290</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of fixed assets	(482,592)	(1,482,850)
Proceeds from disposal of fixed assets	-	-
Principal paid on bonds	(150,000)	(60,000)
Interest paid on bonds	(42,791)	(38,994)
Capital contributions	113,483	476,465
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(561,900)</u>	<u>(1,105,379)</u>

<u>Parking Facilities</u>	<u>Refuse Collection</u>	<u>Transit System</u>	<u>America's River Project</u>	<u>Total</u>
\$ 302,576	\$ 63,810	\$ (1,620,395)	\$ (103,575)	\$ (1,138,593)
362,576	147,398	237,845	1,497	2,621,305
(2,486)	(7,331)	(2,122)	-	(47,671)
-	-	(180,389)	-	(180,389)
-	-	2,333	-	(15)
(739)	8,259	38,898	(1,754,360)	(1,720,908)
(907)	408	405	-	(7,912)
7,037	1,400	(9)	-	14,209
-	(40,289)	-	-	(40,289)
<u>668,057</u>	<u>173,655</u>	<u>(1,523,434)</u>	<u>(1,856,438)</u>	<u>(500,263)</u>
-	-	408,387	-	408,387
-	950	796,543	-	797,493
-	-	60,000	9,882,571	11,413,586
(984,911)	(179,822)	-	(26,466)	(2,101,351)
-	-	-	-	(335,835)
-	-	-	-	(550,000)
<u>(984,911)</u>	<u>(178,872)</u>	<u>1,264,930</u>	<u>9,856,105</u>	<u>9,632,280</u>
(18,480)	(26,500)	(1,704,687)	(8,627,283)	(12,342,392)
-	-	6,923	-	6,923
(255,958)	-	-	-	(465,958)
(249,476)	-	-	-	(331,261)
-	-	1,310,698	625,140	2,525,786
<u>(523,914)</u>	<u>(26,500)</u>	<u>(387,066)</u>	<u>(8,002,143)</u>	<u>(10,606,902)</u>

(continued)

CITY OF DUBUQUE, IOWA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Sewage Disposal Works	Water Utility
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and pooled cash investments	\$ 264,703	\$ 114,159
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(438,924)	863,432
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,023,355	1,743,007
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,584,431	\$ 2,606,439
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of fixed assets from government	\$ -	\$ -

EXHIBIT E-3
(continued)

<u>Parking Facilities</u>	<u>Refuse Collection</u>	<u>Transit System</u>	<u>America's River Project</u>	<u>Total</u>
\$ 52,413	\$ 7,261	\$ -	\$ 2,476	\$ 441,012
(788,355)	(24,456)	(645,570)	-	(1,033,873)
<u>2,137,483</u>	<u>941,819</u>	<u>849,284</u>	<u>-</u>	<u>10,694,948</u>
<u>\$ 1,349,128</u>	<u>\$ 917,363</u>	<u>\$ 203,714</u>	<u>\$ -</u>	<u>\$ 9,661,075</u>
<u>\$ 62,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,400</u>	<u>\$ 744,416</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
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002

	General Service	Garage Service
ASSETS		
CURRENT ASSETS		
Cash and pooled cash investments	\$ -	\$ -
Other receivables	-	-
Accrued interest receivable	-	-
Inventory	-	25,041
Total Current Assets	-	25,041
FIXED ASSETS		
Machinery and equipment	-	125,240
Accumulated depreciation	-	(51,751)
Net Fixed Assets	-	73,489
Total Assets	\$ -	\$ 98,530
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 11,962
Accrued payroll	7,898	10,123
Due to other funds	1,491	63,529
Total Liabilities	9,389	85,614
EQUITY		
Contributed Capital - Government	-	24,233
Retained earnings (deficit), unreserved	(9,389)	(11,317)
Total Equity	(9,389)	12,916
Total Liabilities and Equity	\$ -	\$ 98,530

<u>Stores/ Printing</u>	<u>Health Insurance Reserve</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 15,934	\$ 1,090,618	\$ 1,017,649	\$ 2,124,201
-	175,797	-	175,797
-	8,549	7,594	16,143
<u>4,349</u>	<u>-</u>	<u>-</u>	<u>29,390</u>
<u>20,283</u>	<u>1,274,964</u>	<u>1,025,243</u>	<u>2,345,531</u>
-	-	-	125,240
<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,751)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>73,489</u>
<u>\$ 20,283</u>	<u>\$ 1,274,964</u>	<u>\$ 1,025,243</u>	<u>\$ 2,419,020</u>
\$ 5,291	\$ 608,502	\$ 325,751	\$ 951,506
-	-	-	18,021
<u>-</u>	<u>-</u>	<u>-</u>	<u>65,020</u>
<u>5,291</u>	<u>608,502</u>	<u>325,751</u>	<u>1,034,547</u>
-	-	-	24,233
<u>14,992</u>	<u>666,462</u>	<u>699,492</u>	<u>1,360,240</u>
<u>14,992</u>	<u>666,462</u>	<u>699,492</u>	<u>1,384,473</u>
<u>\$ 20,283</u>	<u>\$ 1,274,964</u>	<u>\$ 1,025,243</u>	<u>\$ 2,419,020</u>

CITY OF DUBUQUE, IOWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS (DEFICIT)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General Service	Garage Service
OPERATING REVENUES		
Charges for sales and services	\$ 688,379	\$ 843,905
OPERATING EXPENSES		
Employee expense	690,381	589,620
Utilities	-	12,403
Repairs and maintenance	-	8,756
Supplies and services	-	270,710
Insurance	-	6,204
Depreciation	-	12,005
Total Operating Expenses	690,381	899,698
OPERATING INCOME (LOSS)	(2,002)	(55,793)
NONOPERATING REVENUES		
Interest revenue	-	-
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(2,002)	(55,793)
OPERATING TRANSFERS		
Operating transfers out	-	(1,240)
NET INCOME (LOSS)	(2,002)	(57,033)
RETAINED EARNINGS (DEFICIT), BEGINNING AS RESTATED	(7,387)	45,716
RETAINED EARNINGS (DEFICIT), ENDING	\$ (9,389)	\$ (11,317)

<u>Stores/ Printing</u>	<u>Health Insurance Reserve</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
<u>\$ 39,185</u>	<u>\$ 3,250,371</u>	<u>\$ 194,276</u>	<u>\$ 5,016,116</u>
-	-	-	1,280,001
-	-	-	12,403
-	-	-	8,756
37,703	-	-	308,413
-	3,896,402	483,169	4,385,775
-	-	-	12,005
<u>37,703</u>	<u>3,896,402</u>	<u>483,169</u>	<u>6,007,353</u>
1,482	(646,031)	(288,893)	(991,237)
-	72,102	51,846	123,948
1,482	(573,929)	(237,047)	(867,289)
-	-	-	(1,240)
1,482	(573,929)	(237,047)	(868,529)
<u>13,510</u>	<u>1,240,391</u>	<u>936,539</u>	<u>2,228,769</u>
<u>\$ 14,992</u>	<u>\$ 666,462</u>	<u>\$ 699,492</u>	<u>\$ 1,360,240</u>

CITY OF DUBUQUE, IOWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General Service	Garage Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (2,002)	\$ (55,793)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	-	12,005
Changes in assets and liabilities		
Increase in other receivables	-	-
(Increase) decrease in inventory	-	(296)
Increase (decrease) in accounts payable	-	(5,678)
Increase in accrued payroll	841	1,961
Increase in due to other funds	1,161	63,529
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>-</u>	<u>15,728</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers out	<u>-</u>	<u>(1,240)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of fixed assets	<u>-</u>	<u>(49,776)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and pooled cash investments	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(35,288)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>-</u>	<u>35,288</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

<u>Stores/ Printing</u>	<u>Health Insurance Reserve</u>	<u>Workers' Compensation Reserve</u>	<u>Total</u>
\$ 1,482	\$ (646,031)	\$ (288,893)	\$ (991,237)
-	-	-	12,005
-	(175,797)	-	(175,797)
14,512	-	-	14,216
(9,946)	71,994	149,202	205,572
-	-	-	2,802
<u>-</u>	<u>-</u>	<u>-</u>	<u>64,690</u>
<u>6,048</u>	<u>(749,834)</u>	<u>(139,691)</u>	<u>(867,749)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,240)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,776)</u>
<u>-</u>	<u>77,607</u>	<u>53,572</u>	<u>131,179</u>
6,048	(672,227)	(86,119)	(787,586)
<u>9,886</u>	<u>1,762,845</u>	<u>1,103,768</u>	<u>2,911,787</u>
<u>\$ 15,934</u>	<u>\$ 1,090,618</u>	<u>\$ 1,017,649</u>	<u>\$ 2,124,201</u>

TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

EXPENDABLE TRUST FUNDS

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.

Respiratory Disease Trust Fund - This fund is used to account for the monies and related costs as agreed to by the City of Dubuque and the Dubuque Tuberculosis Association.

NONEXPENDABLE TRUST FUNDS

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.

AGENCY FUNDS

Flexible Spending Fund - This fund is used to account for the accumulation and disbursement of Internal Revenue Service Section 125 flexible spending health care and child care accounts. Pre-tax contributions are made by employees, and qualified expenditures from the fund are made through a third party administrator.

CITY OF DUBUQUE, IOWA
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002

EXHIBIT G-1

	Expendable Trust - Cable TV	Nonexpendable Trust	Totals
ASSETS			
Cash and pooled cash investments	\$ 862,167	\$ 140,275	\$ 1,002,442
Receivables			
Accounts	36,889	-	36,889
Accrued interest	7,044	1,074	8,118
Restricted assets			
Cash and pooled cash investments	19,327	-	19,327
 Total Assets	 <u>\$ 925,427</u>	 <u>\$ 141,349</u>	 <u>\$ 1,066,776</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 8,225	\$ 641	\$ 8,866
Accrued payroll	381	-	381
Total Liabilities	<u>8,606</u>	<u>641</u>	<u>9,247</u>
FUND BALANCES			
Reserved for/by			
Franchise agreement	19,327	-	19,327
Endowments	-	140,708	140,708
Unreserved, undesignated	897,494	-	897,494
Total Fund Balances	<u>916,821</u>	<u>140,708</u>	<u>1,057,529</u>
 Total Liabilities and Fund Balances	 <u>\$ 925,427</u>	 <u>\$ 141,349</u>	 <u>\$ 1,066,776</u>

CITY OF DUBUQUE, IOWA**EXHIBIT G-2****EXPENDABLE TRUST FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES****FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Cable TV</u>	<u>Respiratory Disease Trust</u>	<u>Total</u>
REVENUES			
Franchise fees	\$ 556,888	\$ -	\$ 556,888
Miscellaneous	2,049	-	2,049
Investment earnings	55,833	-	55,833
Total Revenues	<u>614,770</u>	<u>-</u>	<u>614,770</u>
EXPENDITURES			
Current			
Policy and administration	181,106	-	181,106
Home and community environment	303,646	1,734	305,380
Total Expenditures	<u>484,752</u>	<u>1,734</u>	<u>486,486</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	130,018	(1,734)	128,284
OTHER FINANCING USES			
Operating transfers out	<u>122,361</u>	<u>-</u>	<u>122,361</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	7,657	(1,734)	5,923
FUND BALANCES, BEGINNING	<u>909,164</u>	<u>1,734</u>	<u>910,898</u>
FUND BALANCES, ENDING	<u>\$ 916,821</u>	<u>\$ -</u>	<u>\$ 916,821</u>

CITY OF DUBUQUE, IOWA
NONEXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002

EXHIBIT G-3

	<u>Ella Lyons Peony Trail Trust</u>	<u>Library Gifts Trust</u>	<u>Total</u>
ASSETS			
Cash and pooled cash investments	\$ 75,970	\$ 64,305	\$ 140,275
Accrued interest receivable	<u>-</u>	<u>1,074</u>	<u>1,074</u>
Total Assets	<u>\$ 75,970</u>	<u>\$ 65,379</u>	<u>\$ 141,349</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 641	\$ 641
FUND BALANCES			
Reserved for endowments	<u>75,970</u>	<u>64,738</u>	<u>140,708</u>
Total Liabilities and Fund Balances	<u>\$ 75,970</u>	<u>\$ 65,379</u>	<u>\$ 141,349</u>

CITY OF DUBUQUE, IOWA**EXHIBIT G-4****NONEXPENDABLE TRUST FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES****FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Ella Lyons Peony Trail Trust</u>	<u>Library Gifts Trust</u>	<u>Total</u>
OPERATING REVENUES			
Miscellaneous	\$ -	\$ 23,298	\$ 23,298
Investment earnings	<u>(26,945)</u>	<u>4,851</u>	<u>(22,094)</u>
Total Operating Revenues	(26,945)	28,149	1,204
OPERATING EXPENSES			
Supplies and services	<u>1,943</u>	<u>30,914</u>	<u>32,857</u>
NET LOSS	(28,888)	(2,765)	(31,653)
FUND BALANCES, BEGINNING	<u>104,858</u>	<u>67,503</u>	<u>172,361</u>
FUND BALANCES, ENDING	<u>\$ 75,970</u>	<u>\$ 64,738</u>	<u>\$ 140,708</u>

CITY OF DUBUQUE, IOWA
NONEXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

EXHIBIT G-5

	Ella Lyons Peony Trail Trust	Library Gifts Trust	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (28,888)	\$ (2,765)	\$ (31,653)
Adjustments to reconcile net loss to net cash used by operating activities			
Investment earnings	26,945	(4,851)	22,094
Changes in liabilities			
Decrease in accounts payable	-	(2,125)	(2,125)
NET CASH USED BY OPERATING ACTIVITIES	(1,943)	(9,741)	(11,684)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and pooled cash investments	(26,945)	4,325	(22,620)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(28,888)	(5,416)	(34,304)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	104,858	69,721	174,579
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 75,970</u>	<u>\$ 64,305</u>	<u>\$ 140,275</u>

CITY OF DUBUQUE, IOWA**EXHIBIT G-6****ALL AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Balance July 1 2001	Net Additions	Net Deductions	Balance June 30 2002
<u>Flexible Spending Fund</u>				
ASSETS				
Restricted cash and pooled cash investments	\$ 9,763	\$ 73,487	\$ 83,250	\$ -
LIABILITIES				
Due to employees	\$ 9,763	\$ 73,487	\$ 83,250	\$ -

GENERAL FIXED ASSETS ACCOUNT GROUP

CITY OF DUBUQUE, IOWA**EXHIBIT H-1****COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE****JUNE 30, 2002**

GENERAL FIXED ASSETS

Land	\$ 21,799,251
Buildings and improvements	42,325,460
Improvements other than buildings	12,341,111
Machinery and equipment	17,837,606
Construction in progress	<u>505,683</u>

Total General Fixed Assets	<u>\$ 94,809,111</u>
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INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE

Investments in property acquired prior to July 1, 1983	\$ 1,440,960 *
General fund	36,527,312
Special revenue funds	1,959,850
Capital projects funds	52,419,059
Donations	<u>2,461,930</u>

Total Investment in General Fixed Assets by Source	<u>\$ 94,809,111</u>
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* It is impossible to determine the source of investments prior to this date because records reflecting information in this form were not maintained.

CITY OF DUBUQUE, IOWA
SCHEDULE OF GENERAL FIXED ASSETS – BY PROGRAM AND DEPARTMENT
JUNE 30, 2002

PROGRAM AND DEPARTMENT	Land	Buildings and Improvements
POLICY AND ADMINISTRATION		
Planning Services	\$ 106,000	\$ -
City Manager	-	-
City Clerk	-	-
Finance	-	-
Cable TV	-	-
Information Services	-	-
Dog Track	-	9,070,894
Unclassified Land	3,559,675	-
Ice Harbor Improvements	-	4,418,364
Total Policy and Administration	<u>3,665,675</u>	<u>13,489,258</u>
COMMUNITY PROTECTION		
Police	-	-
Emergency Communications	-	-
Fire	161,100	2,098,004
Disaster Services	-	-
Total Community Protection	<u>161,100</u>	<u>2,098,004</u>
HOME AND COMMUNITY ENVIRONMENT		
Airport	1,021,201	6,444,507
Operations and Maintenance	229,030	791,168
Engineering	723,700	81,000
Building Services	65,510	2,795,432
Economic Development	9,881,872	-
Housing Services and Community Development	-	-
Total Home and Community Environment	<u>11,921,313</u>	<u>10,112,107</u>
HUMAN DEVELOPMENT		
Health Services	-	-
Park	4,476,797	3,576,759
Civic Center	172,246	6,094,279
Recreation	1,335,160	3,805,593
Library	66,960	3,149,460
Total Human Development	<u>6,051,163</u>	<u>16,626,091</u>
CONSTRUCTION IN PROGRESS	-	-
TOTAL GENERAL FIXED ASSETS	<u>\$ 21,799,251</u>	<u>\$ 42,325,460</u>

Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
\$ -	\$ 44,347	\$ -	\$ 150,347
-	593,631	-	593,631
-	31,604	-	31,604
-	293,784	-	293,784
-	201,250	-	201,250
-	224,304	-	224,304
1,073,877	-	-	10,144,771
-	-	-	3,559,675
-	-	-	4,418,364
<u>1,073,877</u>	<u>1,388,920</u>	<u>-</u>	<u>19,617,730</u>
-	1,052,615	-	1,052,615
-	31,996	-	31,996
-	3,173,382	-	5,432,486
-	22,705	-	22,705
-	<u>4,280,698</u>	-	<u>6,539,802</u>
1,308,316	2,181,284	-	10,955,308
13,135	3,730,030	-	4,763,363
134,521	248,768	-	1,187,989
-	162,382	-	3,023,324
7,519,496	10,782	-	17,412,150
-	<u>214,382</u>	-	<u>214,382</u>
<u>8,975,468</u>	<u>6,547,628</u>	-	<u>37,556,516</u>
-	57,666	-	57,666
2,034,518	2,111,962	-	12,200,036
43,573	1,053,975	-	7,364,073
213,675	1,182,531	-	6,536,959
-	<u>1,214,226</u>	-	<u>4,430,646</u>
<u>2,291,766</u>	<u>5,620,360</u>	-	<u>30,589,380</u>
-	-	505,683	505,683
<u>\$ 12,341,111</u>	<u>\$ 17,837,606</u>	<u>\$ 505,683</u>	<u>\$ 94,809,111</u>

CITY OF DUBUQUE, IOWA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS –
BY PROGRAM AND DEPARTMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

EXHIBIT H-3

PROGRAM AND DEPARTMENT	General Fixed Assets July 1 2001	Change in Capitalization Policy Deductions	Additions	Deductions	General Fixed Assets June 2002
POLICY AND ADMINISTRATION					
Planning Services	\$ 874,575	\$ 64,553	\$ 37,511	\$ 697,186	\$ 150,347
City Council	39,688	39,688	-	-	-
City Manager	443,551	86,403	271,947	35,464	593,631
City Clerk	52,147	20,543	-	-	31,604
Finance	333,488	72,825	52,171	19,050	293,784
Cable TV	321,127	127,185	8,160	852	201,250
Legal	25,087	25,087	-	-	-
Information Services	283,955	90,762	31,111	-	224,304
Dog Track	10,144,771	-	-	-	10,144,771
Unclassified Land	3,559,675	-	-	-	3,559,675
Ice Harbor Improvements	4,418,364	-	-	-	4,418,364
Total Policy and Administration	20,496,428	527,046	400,900	752,552	19,617,730
COMMUNITY PROTECTION					
Police	1,466,334	263,651	284,674	434,742	1,052,615
Emergency Communications	71,829	39,833	-	-	31,996
Fire	4,850,371	274,984	960,280	103,181	5,432,486
Disaster Services	4,700	4,700	22,705	-	22,705
Total Community Protection	6,393,234	583,168	1,267,659	537,923	6,539,802
HOME AND COMMUNITY ENVIRONMENT					
Airport	10,321,868	163,533	805,853	8,880	10,955,308
Operations and Maintenance	4,959,038	421,634	455,061	229,102	4,763,363
Engineering	1,058,157	200,163	365,351	35,356	1,187,989
Building Services	2,823,246	49,796	261,970	12,096	3,023,324
Economic Development	18,419,452	31,369	8,709,016	9,684,949	17,412,150
Housing Services and Community Development	303,547	155,198	66,033	-	214,382
Total Home and Community Environment	37,885,308	1,021,693	10,663,284	9,970,383	37,556,516
HUMAN DEVELOPMENT					
Human Rights	19,932	13,850	-	6,082	-
Health Services	81,066	30,118	17,752	11,034	57,666
Park	11,724,913	298,425	892,187	118,639	12,200,036
Civic Center	6,971,272	441,223	834,024	-	7,364,073
Recreation	5,791,932	154,193	899,220	-	6,536,959
Library	4,787,892	302,452	33,217	88,011	4,430,646
Total Human Development	29,377,007	1,240,261	2,676,400	223,766	30,589,380
CONSTRUCTION IN PROGRESS	2,521,883	-	18,069,812	20,086,012	505,683
TOTAL GENERAL FIXED ASSETS	\$ 96,673,860	\$ 3,372,168	\$ 33,078,055	\$ 31,570,636	\$ 94,809,111

STATISTICAL SECTION

(Unaudited)

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

<u>Fiscal Year</u>	<u>Community Protection</u>	<u>Human Development</u>	<u>Home and Community Environment</u>	<u>Policy and Administration</u>	<u>Debt Service</u>	<u>Total</u>
1993	\$ 7,874	\$ 3,548	\$ 8,776	\$ 2,237	\$ 3,915	\$ 26,350
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

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

CITY OF DUBUQUE, IOWA**Table 2**
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeits</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
1993	\$ 15,016	\$ 666	\$ 7,662	\$ 2,944	\$ 337	\$ 1,474	\$ 749	\$ 28,848
1994	20,295	673	10,417	3,526	388	1,438	736	37,473
1995	20,889	921	9,457	4,494	341	2,155	1,130	39,387
1996	21,620	717	9,253	5,491	350	1,686	765	39,882
1997	24,772	507	11,454	6,637	358	1,596	1,487	46,811
1998	24,848	507	10,351	7,106	371	1,989	1,619	46,791
1999	25,629	580	10,375	7,843	337	1,948	1,926	48,638
2000	25,562	613	12,140	7,882	341	1,813	950	49,301
2001	26,800	576	13,769	8,127	369	2,720	1,988	54,349
2002	26,303	703	14,124	8,847	410	1,980	1,526	53,893

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

CITY OF DUBUQUE, IOWA**Table 2A**
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

<u>Fiscal Year</u>	<u>Property Tax</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>
1993	\$ 8,762	\$ 38	\$ 31	\$ 493	\$ 4,821	\$ 871	\$ 15,016
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

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

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>
1993	\$ 13,242	\$ 12,635	95.4%	\$ 571	\$ 13,206	99.7%
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

(1) Includes tax increment levy.

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

Table 3

<u>Outstanding Delinquent Taxes</u>		<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
\$	367	2.8%
	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

CITY OF DUBUQUE, IOWA**Table 4**
**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
 LAST TEN FISCAL YEARS
 (AMOUNTS EXPRESSED IN THOUSANDS)
 (UNAUDITED)**

Fiscal Year	Real Property		Exemptions	Total		Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Real Property	Assessed Value	Estimated Actual Value	Estimated Actual Value
1993	\$ 960,732	\$ 1,185,363	\$ 10,783	\$ 949,949	\$ 1,185,363	80.14%
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

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 5

<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>
1993	\$12.4989	\$13.6650	\$.6733	\$.4699	\$ 7.6173	\$34.9244	35.79%
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

Source: Dubuque County Auditor's Office.

CITY OF DUBUQUE, IOWA
PRINCIPAL TAXPAYERS
PAYABLE FISCAL YEAR 2002
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Table 6

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2000 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Kennedy Mall	Shopping Center	\$ 19,990	.93%
Medical Associates Realty	Health Services	17,886	.83
Nordstrom, Inc.	Warehouse Distributor	15,532	.72
Plaza 20, Inc.	Shopping Plaza	8,733	.41
U.S. West Communications	Telecommunications	8,575	.40
Wal-Mart	Retail Sales	7,744	.36
McGraw Hill	Publishing	7,730	.36
American Trust and Savings Bank	Bank	7,379	.34
A.Y. McDonald Manufacturing Co.	Plumbing Supplies	6,904	.32
Lowe's Home Center, Inc.	Building Supplies	<u>6,278</u>	<u>.29</u>
Totals		<u>\$ 106,751</u>	<u>4.96%</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 7

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected (1)</u>
1993	\$ 58	\$ 333
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

(1) Includes prepayments.

CITY OF DUBUQUE, IOWA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2002
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)

Table 8

Actual Valuations		\$ <u>2,047,186</u>
Legal debt margin:		
Debt limitation – 5% of actual valuations		\$ 102,359
Debt applicable to limitation:		
Total bonded debt	\$ 31,970	
Less: Revenue bonds	<u>(1,720)</u>	
Total debt applicable to limitation		<u>30,250</u>
Legal debt margin		\$ <u>72,109</u>

CITY OF DUBUQUE, IOWA**Table 9****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>
1993	58	\$ 949,949	\$ 16,340	1.72%	\$ 282
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

* Amounts expressed in thousands.

(1) U.S. Census Bureau.

(2) From Table 4.

(3) From Table 11. Amount does not include revenue bonds.

CITY OF DUBUQUE, IOWA**Table 10**

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

Fiscal Year	Principal	Interest (1)	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
1993	\$ 4,530*	\$ 1,137	\$ 5,667	\$ 26,350	21.51%
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

(1) Excludes bond issuance and other costs.

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

* Includes advance refunded principal of \$2,300,000.

CITY OF DUBUQUE, IOWA**Table 11****COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT****GENERAL OBLIGATION BONDS****JUNE 30, 2002****(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	<u>\$ 20,945</u> (1)	100.00%	<u>\$ 20,945</u>
Total	<u>\$ 20,945</u>		<u>\$ 20,945</u>

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

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

Table 12

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
1993	\$ 1,160	\$ 504	\$ 656	\$ 85	\$ 218	\$ 303	2.17
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

(1) Total revenues (including interest).

(2) Total operating expenses exclusive of depreciation.

(3) Bond ordinance requires 1.3 coverage.

CITY OF DUBUQUE, IOWA

Table 13

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*
1993	\$ 352,979	\$ 832,384	\$ 1,185,363	1,780	\$ 41,964	1992	\$ 869,000
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

* Amounts expressed in thousands.

(1) Estimated actual value from Table 4.

(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 14

<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>
1993	57,538	\$ 18,453	34	9,995	5.5%
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	*	37	9,906	3.6

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, 2002

<u>Insurer</u>	<u>Policy Number</u>	<u>Expiration Date</u>	<u>Details of Coverage</u>
<u>LIABILITY INSURANCE</u>			
Iowa Communities Assurance Pool	IP041901414000003	7/1/02	Municipal General Liability Includes EMT's and Ambulance Service
Iowa Communities Assurance Pool	IP035901414000003	7/1/02	Municipal Auto Liability Includes Transit Liability
Iowa Communities Assurance Pool	IP015901414000003	7/1/02	Comprehensive & Collision
Iowa Communities Assurance Pool	IP039901414000003	7/1/02	Public Official Liability
Iowa Communities Assurance Pool	IP040891414000003	7/1/02	Police Professional
Zurich-American Insurance Group	AA03783561-01	4/15/03	Environment Liability Lead Pollution
Westchester Fire Insurance Company	APN 679567	7/1/02	Airport Liability
Northland Insurance Co.	A4010489	7/1/02	Public Officials Liability
St. Paul Fire & Marine Insurance Company	EM06649597	8/1/02	Professional Liability – Nurses
Mount Vernon Fire Insurance Co.	CL2236323	8/1/02	Dram Shop Liability – Five Flags
Mount Vernon Fire Insurance Co.	CL2231997	4/16/03	Dram Shop Liability – Bunker Hill

Table 15

Liability Limits			Annual Premium
\$	5,000,000	Each Occurrence	\$ 346,948*
	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	15,000
	2,000,000	Aggregate	
	5,000	Deductible	
	20,000,000	Aggregate Limit	37,150
	2,500	Deductible	
	15,000	Deductible Aggregate	
	5,000,000	Each Occurrence/Aggregate	7,554
	10,000	Deductible	
	1,000,000	Each Person	175
	3,000,000	Total Limit	
	5,000,000	Each Common Cause/Aggregate	5,914
	5,000,000	Each Common Cause/Aggregate	5,124

(continued)

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

CITY OF DUBUQUE, IOWA
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2002

<u>Insurer</u>	<u>Policy Number</u>	<u>Expiration Date</u>	<u>Details of Coverage</u>
<u>PROPERTY INSURANCE</u>			
The Cincinnati Insurance Co.	CAP 769 5890	7/1/02	Comprehensive Business Policy
<u>CRIME INSURANCE</u>			
Allied Group Insurance	BD7900575274	7/1/02	Public Official Bond
Travelers Insurance Co.	020BY103338754BCM	7/1/02	Public Official Bond
<u>BOILER INSURANCE</u>			
The Cincinnati Insurance Co.	BEP 264 96 23	7/1/02	Boiler & Machinery
<u>BUILDERS RISK</u>			
St. Paul Insurance Co.	CF06301123	4/15/03	Mississippi Riverwalk Phase II
St. Paul Insurance Co.	CF06301129	6/1/04	Education and Convention Center

Table 15
(continued)

Liability Limits		Annual Premium
\$ 119,568,464	Building & Contents	\$ 117,028
10,000	Deductible Per Occurrence	
20,000	Aggregate Per Year	
20,000,000	Earthquake	
987,947	Business Interruption	
695,000	EDP Equipment	
87,454	Mobile Equipment	
317,347	Communications Equipment	
16,000	Signing	
252,560	Artwork	
100,000	All Employees	3,100
900,000	City Manager	1,200
900,000	Finance Director	
900,000	Assistant Finance Director	
900,000	Administrative Service Manager	
2,500,000	Per Accident	56,876
5,000	Deductible	
3,700,000	Per Project	2,854
10,000	Deductible	
24,000,000	Per Project	Two year policy 50,422
10,000	Deductible	

CITY OF DUBUQUE, IOWA
MISCELLANEOUS STATISTICS
JUNE 30, 2002
(UNAUDITED)

Table 16

Date of Incorporation	1837
Form of Government	Council/Manager – Ward
Population – 2000 Census	57,686
Number of employees:	
Full Time	510
Part Time/Seasonal	317
Area in square miles	27.5
City of Dubuque facilities and services:	
Miles of streets	336
Number of street lights	1,195
Number of traffic signals	106
Culture and Recreation:	
Parks	39
Park acreage	834
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	102
Sewerage System:	
Miles of sanitary sewers	167
Miles of storm sewers	150.5
Number of treatment plants	1
Number of service connections	20,200
Daily average treatment in gallons	9,000,000
Maximum daily capacity of treatment plant in gallons	15,000,000
Water System:	
Miles of water mains	304.71
Number of service connections	20,550
Number of fire hydrants	2,712
Daily average consumption in gallons	8,000,000
Maximum daily capacity of plant in gallons	18,000,000
Public Transit System	Vehicles – 22
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	19
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	478

COMPLIANCE SECTION



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

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

We have audited the general purpose financial statements of the City of Dubuque, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 31, 2002. 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 general purpose 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 II 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, 2002, are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose 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 general purpose 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 general purpose 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 October 31, 2002. The prior year reportable condition has been 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
October 31, 2002



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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**

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, 2002. 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, 2002.

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.

Eric Bailey LLP

Dubuque, Iowa
October 31, 2002

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

<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>2,067,964</u>
Community Development Block Grants/ Special Purpose Grants/Technical Assistance Program	14.227	SPG-IA-05SPG23	<u>145,500</u>
Fair Housing Assistance Program – State and Local	14.401	FF207K017006	<u>56,280</u>
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-002	15,879
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-001	20,414
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-005	261,142
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-007	<u>17,712</u>
			<u>315,147</u>
Section 8 Housing Choice Vouchers	14.871	KC-9004V	<u>3,944,662</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALAG0066-97	<u>788,833</u>
Department of Justice:			
Public Safety Partnership and Community Policing Grants	16.710	2001SHWX0414	10,901
Public Safety Partnership and Community Policing Grants	16.710	2000SHWX0668	<u>51,606</u>
			<u>62,507</u>
Federal Drug Task Force Grant	N/A	WC IAN 036	<u>40</u>
			(continued)

N/A – Not Available

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

<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	\$ 240,610
Airport Improvement Program	20.106	3-19-0028-30	1,110,794
Airport Improvement Program	20.106	3-19-0028-28	32,970
Airport Improvement Program	20.106	3-19-0028-29	187,900
Airport Improvement Program	20.106	3-19-0028-25	139,205
Airport Improvement Program	20.106	3-19-0028-24	19,551
Airport Improvement Program	20.106	3-19-0028-27	134,287
			<u>1,865,317</u>
Federal Transit – Formula Grants	20.507	IA-90-X240	129,480
Federal Transit – Formula Grants	20.507	IA-90-X252	581,389
Federal Transit – Formula Grants	20.507	IA-90-X222	43,160
			<u>754,029</u>
Total Direct			<u>10,000,279</u>
Indirect:			
Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
HOME Investment Partnerships Program	14.239	99-HMS-135-21	<u>148,278</u>
Department of the Interior:			
Iowa Department of Natural Resources:			
Outdoor Recreation – Acquisition, Development and Planning	15.916	19-01181	<u>49,578</u>
Department of Justice:			
Governor’s Office of Drug Control Policy and Dubuque County, Iowa:			
Byrne Formula Grant Program	16.579	01A-0230	<u>2,227</u>
Violence Against Women Formula Grants	16.588	01V-0219	<u>3,431</u>
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-2100(8)- -8I-31	<u>108,448</u>
Recreational Trails Program	20.219	STP-ES-2100(617)- -8I-31	<u>16,140</u>
Federal Transit – Capital Investment Grants	20.500	03-0084-210-99	356,900
Federal Transit – Capital Investment Grants	20.500	IA-03-0093-210-01	59,058
Federal Transit – Capital Investment Grants	20.500	03-0085-210-00	356,900
Federal Transit – Capital Investment Grants	20.500	03-0092-210-01	365,200
			<u>1,138,058</u>

(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

<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)			
Job Access – Reverse Commute	20.516	37-X006-210-01	\$ 45,409
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 01-02, TASK 05	9,401
State and Community Highway Safety	20.600	PAP 02-02, TASK 05	27,829
			<u>37,230</u>
Environmental Protection Agency:			
Iowa Department of Public Health and Linn County, Iowa:			
State Indoor Radon Grants	66.032	5889RC02	<u>2,797</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Public Assistance Grants	83.544	FEMA-DR-1277-IA	8,865
Public Assistance Grants	83.544	FEMA-DR-1367-IA	136,237
Public Assistance Grants	83.544	FEMA-DR-1420-IA	151,307
			<u>296,409</u>
Hazard Mitigation Grant	83.548	HMGP 0996-0185	<u>3,417</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	5882LP06	<u>20,106</u>
Iowa Department of Human Services:			
Temporary Assistance for Needy Families	93.558	DEA01-007	<u>27,395</u>
Iowa Department of Public Health:			
Preventive Health and Health Services Block Grant	93.991	5881AS05	<u>6,500</u>
Total indirect			<u>1,905,423</u>
Total			\$ <u>11,905,702</u>

CITY OF DUBUQUE, IOWA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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 general purpose 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	\$ 298,824

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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 did not disclose any audit findings which are 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 14.871 – Section 8 Housing Choice Vouchers
 - CFDA Number 14.900 – Lead-Based Paint Hazard Control in Privately-Owned Housing
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$357,171.
- (i) The City of Dubuque, Iowa, did qualify as a low-risk auditee.

Part II: Other Findings Related to Statutory Reporting:

- II-A-02 Official Depositories – A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.
- II-B-02 Certified Budget – Program disbursements during the year ended June 30, 2002, did not exceed the amounts budgeted.
- II-C-02 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.
- II-D-02 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- II-E-02 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>
Randy Roth, employee	Maintenance services	\$ 4,364
Melissa McGinnis, employee, spouse is owner of Quality Brick	Masonry services	4,054

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Pat Coyle, employee, spouse is owner of Grant Painting	Painting services	\$ 3,475
John Zenner, employee, owner of building	Building rent	3,300
Joleen Patterson, employee, spouse is owner of Patterson Heating – Cooling – Fireplaces	Maintenance services	2,405
Chuck Kutsch, employee	Remodeling services	1,233

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Chuck Kutsch do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year. The transactions with Pat Coyle and 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.

- II-F-02 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.
- II-G-02 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- II-H-02 Revenue Bonds – No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.
- II-I-02 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.

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

- II-J-02 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.