

CITY OF DUBUQUE, IOWA

**Comprehensive Annual
Financial Report**

**For the fiscal year ended
June 30, 1996**

**Prepared by:
Department of Finance**

INTRODUCTORY SECTION

CITY OF DUBUQUE, IOWA

TABLE OF CONTENTS

	<u>Exhibit Number</u>	<u>Page Number</u>
INTRODUCTORY SECTION		
Table of Contents		1 - 3
Letter of Transmittal		4 - 13
City Organizational Chart		14
Officials		15
Certificate of Achievement for Excellence in Financial Reporting		16
FINANCIAL SECTION		
Independent Auditor's Report		17
General Purpose Financial Statements:		
Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Unit	1	18 - 21
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	2	22 - 23
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - All Governmental Fund Types	3	24 - 25
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Unit	4	26 - 27
Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds, and Discretely Presented Component Unit	5	28 - 31
Notes to the Financial Statements		32 - 52
Combining, Individual Fund and Account Group Statements and Schedules:		
General Fund:		
Balance Sheet	A - 1	53
Statement of Revenues, Expenditures, and Changes in Fund Balance	A - 2	54
Special Revenue Funds:		
Combining Balance Sheet	B - 1	55 - 56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B - 2	57 - 58
Debt Service Funds:		
Combining Balance Sheet	C - 1	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C - 2	60
Capital Projects Funds:		
Combining Balance Sheet	D - 1	61 - 62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D - 2	63 - 64

	<u>Exhibit Number</u>	<u>Page Number</u>
Enterprise Funds:		
Combining Balance Sheet	E - 1	65 - 68
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	E - 2	69 - 70
Combining Statement of Cash Flows	E - 3	71 - 74
Internal Service Funds:		
Combining Balance Sheet	F - 1	75 - 76
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	F - 2	77 - 78
Combining Statement of Cash Flows	F - 3	79 - 80
Trust and Agency Funds:		
Combining Balance Sheet	G - 1	81 - 82
Expendable Trust Funds:		
Combining Balance Sheet	G - 2	83
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G - 3	84
Nonexpendable Trust Funds:		
Combining Balance Sheet	G - 4	85
Combining Statement of Revenues, Expenses, and Changes in Fund Balances	G - 5	86
Combining Statement of Cash Flows	G - 6	87
Agency Funds:		
Combining Statement of Changes in Assets and Liabilities	G - 7	88
General Fixed Assets Account Group:		
Comparative Schedules of General Fixed Assets by Source	H - 1	89
Schedule of General Fixed Assets - By Program and Department	H - 2	90 - 91
Schedule of Changes in General Fixed Assets - By Program and Department	H - 3	92
INFORMATION PROVIDED TO COMPLY WITH OMB CIRCULAR A-128		
Independent Auditor's Report on Schedule of Federal and Other Financial Assistance		93
Schedule of Federal and Other Financial Assistance		94 - 95
Independent Auditor's Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs		96
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs		97 - 98
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions		99
Independent Auditor's Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs		100 - 103

REPORTS ON COMPLIANCE AND INTERNAL CONTROL STRUCTURE IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	104
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	105 - 108

STATISTICAL SECTION (Unaudited)

	<u>Table Number</u>	
General Governmental Expenditures by Function	1	109
General Governmental Revenues by Source	2	110
General Governmental Tax Revenues by Source	2A	110
Property Tax Levies and Collections	3	111 - 112
Assessed and Estimated Actual Value of Property	4	113 - 114
Property Tax Rates - Direct and Overlapping Governments	5	115
Principal Taxpayers	6	116
Special Assessment Billings and Collections	7	117
Computation of Legal Debt Margin	8	118
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	9	119
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Government Expenditures	10	120
Computation of Direct and Overlapping Debt - General Obligation Bonds	11	121
Revenue Bond Coverage - Parking Bonds	12	122
Property Value, Construction Permits, and Bank Deposits	13	123 - 124
Taxable Retail Sales	14	125
Demographic Statistics	15	126
Schedule of Insurance in Force	16	127 - 128
Miscellaneous Statistics	17	129

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

November 25, 1996

TO THE CITIZENS OF DUBUQUE, IOWA:

The comprehensive annual financial report of the City of Dubuque, Iowa, for the fiscal year ended June 30, 1996, 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 are accurate in all material respects and are 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 single audit. 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 provisions of the federal Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments. Information related to this single audit, including the schedule of federal and other financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in the single audit section of this report.

This report includes all funds and account groups of the City of Dubuque, as well as all of its component units. 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. Therefore, these activities 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 slot machines. Dubuque has a stable and diversified manufacturing base as well as being the major tri-state retail center. Retail sales in FY 96 totaled \$771,946,280, growing at the rate of 12.09 percent over the previous year. The City of Dubuque currently has a land area of 25 square miles and a population of 59,084. As the largest City in the tri-state area, Dubuque serves as the hub of a trade area with a population estimated at 246,290. Manufacturing has remained a strong employment sector in the Dubuque area. Strength in manufacturing was reflected in a May 31, 1996, report from the Associated Press which noted that Dubuque experienced the second highest rate of increase in exports of any city in the United States. Manufacturing growth potential was greatly improved by state legislation which eliminated property tax on machinery and equipment. The machinery and equipment tax revenue previously received by local governments will be replaced by the state on a declining basis over the next several years.

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. Policy making and legislative authority are vested in the governing council, which consists of a mayor and a six-member council. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Attorney, 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.

The economic condition of Dubuque reflects the strength of the Midwest regional economy over the last several years. Housing starts have remained strong even with somewhat higher mortgage rates. Building permits were issued for 75 new single family units and 74 new multi-family units during the year. There has been significant investment in industrial, commercial and retail development in the community. Several new commercial, industrial, and institutional construction projects were initiated during the year with 876,589 square feet of new development plans approved in FY 96. Major commercial developments include a 123,000 square foot medical

clinic on the west-side, a 30,000 square foot orthopedic and neurology clinic and a 45,000 square foot expansion of the Eagle Point Software offices. The Nordstrom regional distribution center more than tripled in size by adding a 343,000 square foot automated warehouse addition. The A.Y. McDonald Company, a local plumbing products manufacturing company, expanded their foundry by 18,000 square feet to add another furnace to accommodate increased production demand.

In September of 1995 FDL Foods, a Dubuque based meat packing company and one of the City's largest employers, closed the kill and cut operations in its Dubuque pork processing plant. The closing of a large portion of the plant resulted in the lay-off of over 1,000 workers. With the cooperation of the state, county, city, and several local agencies, the sale of the FDL plant to Farmland Foods was completed on July 1, 1996. Farmland began a \$7.5 million project to upgrade the plant and equipment and re-opened the kill and cut operations on September 16, 1996. Employment at the plant nearly doubled going from 400 to 750. Commitments have been made to increase employment to 1,400 by September 1997 and 1,800 by September 1998.

The unemployment rate for Dubuque County averaged 4.8 percent for the year, up a full percentage point from FY 95. The increase in the unemployment rate was heavily influenced by the lay-offs at FDL foods and restructuring at the ERTL Toy Company in nearby Dyersville. The unemployment rate has been on a steady downward trend since a peak of 6.4 percent in March 1996 and is expected to return to FY 95 levels with the re-opening of the Farmland Foods packing plant and the numerous expansions underway in other businesses.

MAJOR INITIATIVES

For the Year. The City of Dubuque staff, following specific directives of the Mayor, City Council and City Manager, have 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.

Major street and highway improvements continued at rapid pace and have remained one of the City Council's highest priorities. Major improvements on Highway 20 have progressed on schedule. The completion of this project in 1997 will make the City's primary east-west highway connection a limited access four-lane highway through the City. Grade work was nearly completed on the four-lane expansion to Highway 61 south. The Highway 61 improvement will give Dubuque a limited access four-lane connection to Interstate 80 and the Quad Cities. Major city street improvements include re-paving of White Street, Rhomberg Avenue, Lincoln Avenue, and Walnut and Wilson Streets as well as concrete reconstruction of the portion of Clarke Drive serving Clarke College. The replacement of the Fremont street bridge and related grade changes have greatly improved neighborhood access to the City's growing south-side.

Other major infrastructure improvements include the complete concrete reconstruction of the primary runway at the Dubuque Regional airport. This \$2.7 million dollar project was ninety percent funded by the Federal Aviation Administration. The third and final phase of major reconstruction of the City's wastewater treatment plant was initiated during FY 96. The final improvements to the plant will include an upgrade of the secondary treatment facility and

installation of a plant supervisory control and data acquisition system (SCADA). The completion of the improvements will lower the operating cost of the plant and help to meet required standards for wastewater discharge.

Several programs were implemented or expanded as part of the City's neighborhood reinvestment strategy. The City's "Healthy Neighborhoods Project", a study to address the housing and community development needs of neighborhoods, was recognized with an Iowa League of Cities All-Star Community Award. The Dubuque Dispute Resolution Center was established with citizens trained in mediation techniques. A system was established and coordinated by the City to solve neighborhood disputes through citizen mediation. A zoning enforcement officer was hired to assist in enforcing quality of life and nuisance zoning violations to help improve neighborhoods. The youth recreation program was expanded to include a day camp program for children of low income neighborhoods. The community oriented policing program was expanded and has resulted in a sharp reduction in crime and complaints in the target areas. A park capital improvement program was implemented and will make \$3.5 million in improvements to City parks over the next seven years. As part of the program to improve City parks, old playground equipment was replaced with modern play units in five City park locations, tennis courts were re-surfaced and roadway improvements were made to a number of park facilities. The City's Eagle Point Park was the site of a State Sesquicentennial Celebration sponsored by the City with the cooperation of many local service agencies. The "Day in the Park" celebration drew 15,000 people.

City gaming related revenue has increased substantially due to a gambling referendum passed in 1994 which allowed installation of slot machines at the Dubuque Greyhound Park dog track and removed the wagering limits on the Riverboat Casino. This increase in revenue will be used to fund capital improvements and will be part of a program to eliminate the regular issuance of essential corporate purpose general obligation bonds. The elimination of debt over a ten year period will save the City approximately \$1,000,000 per year in interest expense.

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 safety and security of citizens through neighborhood vitality. 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.

Additions of new commercial and industrial businesses and the expansion of existing companies has greatly reduced the availability of industrial sites within the City. Development of a new industrial park is one of the City Council's highest priorities. An industrial park site study was completed in FY 96 in conjunction with an annexation study. Acquisition and site development is planned for calendar 1997 with availability of approximately 300 acres to be completed in the fall of 1997. The addition of industrial sites will be essential to allow for continued economic growth and employment expansion.

The City will continue a program of increased investment in neighborhood streets. The condition of the City streets will be greatly improved over the next ten years as the long-term capital improvement program is implemented with a strong emphasis on arterial, neighborhood streets, and other infrastructure. Major projects in process include Radford Road, Kelly Lane, and the Northwest Arterial expansion to four lanes. The planned street projects will provide improved transportation services to both neighborhoods and commercial and industrial locations.

A river-front development plan was adopted that outlines plans for the City's river-front area which is currently a mixture of commercial, industrial, and tourist sites. The City has committed to \$3.5 million of investment in the river-front over the next five years. Private participation is a significant portion of the development plan, and a citizen committee was formed to assist in fund raising and plan implementation. Plans were also completed for bike/hike trails through the City which would provide a link to the popular Heritage Trail, a regional bike/hike trail built on an abandoned rail line. A grant of over \$150,000 for the bike/hike trail was approved by the Iowa Department of Transportation which will start the process of trail construction.

Department Focus - City of Dubuque Water Department

The City of Dubuque Water Department has a long history of providing the citizens of Dubuque with a quality supply of water. In 1838, the Town Trustees ordained that "For the better supply of good and wholesome water and in order to guard against the destruction of property by fire, the President be hereby authorized in a contract and have constructed in a substantial manner, three public wells in such situation in the town as will most suit the public convenience." The waterworks system became a private corporation in 1870 when a large artesian well was discovered while blasting a lead mining tunnel. In 1900, the City purchased the Dubuque Waterworks. Despite Dubuque's location on the Mississippi, the municipal water supply has always been obtained from wells. Currently there are five shallow wells and four deep wells in service.

The Eagle Point Water Treatment Plant is a modern facility with a capacity to treat 18,000,000 gallons of water per day. The plant operations are controlled by a computerized supervisory control data acquisition system (SCADA) which makes possible one person operation of the plant. A fourth pressure zone was completed in February of 1995 to better serve the City's expanding west side, and also to provide the capacity for additional commercial, industrial, and residential development. Other recent plant improvements include installation of a new emergency generator and electrical system conversion to a 480 volt service on all pumps and motors to greatly improve efficiency and reduce energy consumption.

The Water Department recently completed a comprehensive departmental review as part of a City-wide program to review the costs and benefits of service delivery. A task force of employees was formed to perform the review and make recommendations. Improvements experienced as a result of the study included the reduction of staffing levels by six positions, energy efficiency savings, revenue increased through changes in the meter replacement program, and increased employee safety. Total savings realized were \$341,090 in the first year of

implementation. The Water Department was the recipient of an Iowa League of Cities All-Star Community Award for the results of this departmental review program.

The Water Department services 250 miles of water mains, maintains 19,616 service connections, 2,000 fire hydrants, and provides water at an average daily consumption of 8,519,740 gallons. The Water Department is staffed by 24 full time employees who implement capital and technological improvements to provide the City with safe reliable drinking water at a low price.

FINANCIAL INFORMATION

City management is responsible for establishing and maintaining an internal control structure designed 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 control structure is 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 also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff. As a part of the government's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 1996, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulation.

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 fund and debt service fund revenues for the fiscal year ended June 30, 1996, 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 1995 (000's)	Percent of Increase (Decrease)
Taxes	21,619	54.20%	730	3.49%
Special assessment	144	0.36%	(297)	(67.35%)
Licenses and permits	717	1.80%	(204)	(22.15%)
Intergovernmental	9,253	23.20%	(204)	(2.16%)
Charges for services	5,491	13.77%	997	22.19%
Fines and forfeits	349	0.88%	8	2.35%
Miscellaneous	621	1.56%	(69)	(10.00%)
Interest	1,686	4.23%	(469)	(21.76%)
Total Revenues	39,880	100.00%	492	1.25%

The decrease in special assessment revenue is due to a reduction in projects funded by special assessments and early payment of assessments due to low market interest rates during the prior year.

License and permit revenue decreased due to a reduction in building permit activity related to a large hail storm which damaged several buildings in the City and created a large increase in building permit activity in the prior year.

Intergovernmental receipts were increased due to loan pass-through funds related to the purchase of FDL Foods by Farmland Foods.

The decrease in interest revenue was due to a prior year recovery of interest on funds held in receivership due to the termination of the Iowa Trust.

The tax rate of \$5.7826 established for general fund operations (excluding fringe benefits) is within the tax rate limit of \$8.10 per \$1,000 of taxable valuation allowed by the Code of Iowa. The \$.9340 decrease from FY 1995 is primarily a result of increased valuations.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 1996, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount (000's)	Percent of Total	Increase (Decrease) from 1995 (000's)	Percent of Increase (Decrease)
Current:				
Administration	3,253	9.35%	326	11.14%
Protective services	12,202	35.09%	455	3.87%
Facilities and environment	10,043	28.88%	258	2.64%
Leisure services	5,508	15.84%	301	5.78%
Other	0	0.00%	0	0.00%
Debt Service:				
Principal	2,851	8.20%	63	2.26%
Interest and fiscal charges	899	2.59%	(78)	(7.98%)
Capital outlay	17	0.05%	13	325.00%
Total Expenditures	34,773	100.00%	1,338	4.00%

Changes in expenditure amounts for the Administration program was primarily related to changes in the capital improvement programs in this program including implementation of a Geographical Information System. Operating expenditures have held steady to slightly rising in all program areas.

The decrease in interest and fiscal charges is due to scheduled reductions in outstanding principal which has reduced interest expense.

The increase in capital outlay was small in actual dollars and reflects completion of a greater amount of capital projects.

General Fund Balance. The State of Iowa recommends that a working cash balance for the subsequent year be maintained in an amount equivalent to either (a) anticipated revenues, less anticipated expenditures, for the first three months, or (b) five percent of the budget provision.

The five-percent method employed by the City of Dubuque required a reserve amount of approximately \$939,000 as of June 30, 1996, and this amount was available. The Dubuque City Council has set a budget guideline of maintaining a general fund balance at ten percent of the budget provision. The Council budget guideline requires a reserve amount of approximately \$1,878,000, and this amount was available.

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 and water revenue bonds, earnings from the related utilities 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, 1996, the City of Dubuque had a number of debt issues outstanding. These issues included \$14,200,000 of general obligation bonds, \$835,000 of tax-increment financing bonds, and \$2,974,190 of revenue bonds. The government has maintained its Aa 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 5 percent of total actual value of real property. As of June 30, 1996, the government's net general obligation bonded debt of \$14,200,000 was well below the legal limit of \$74,360,000, and debt per capita equaled \$240.68.

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 \$2,280,500 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 includes mutual funds. The government's deferred compensation mutual fund is included in this section.

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 \$720,679 as of June 30, 1996. 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 \$1,366,314 as of June 30, 1996. 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 Charles Bailly & Company P.L.L.P. 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 the federal Single Audit Act of 1984 and related OMB Circular A-128. The 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 reports related specifically to the single audit are included in the Single Audit 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, 1995.

In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. The current report will be submitted to the GFOA for review and recommendations. Expectations are high that this year's report will again meet the standards for excellence in financial reporting. Efforts were made to correct past deficiencies and to incorporate suggested improvements.

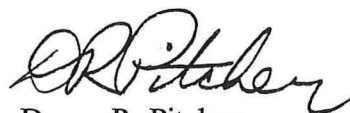
The City also received the GFOA Award for Distinguished Budget Presentation for the annual budget for the fiscal year beginning July 1, 1995. In order to receive the award, the government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium.

Acknowledgments. We compliment the staff of the finance department for their help 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, Charles Bailly & Company P.L.L.P., whose competent assistance and technical expertise have enabled the production of this report.

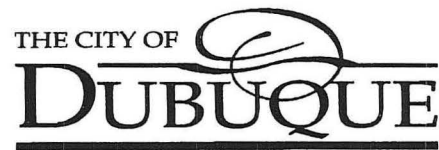
Sincerely,



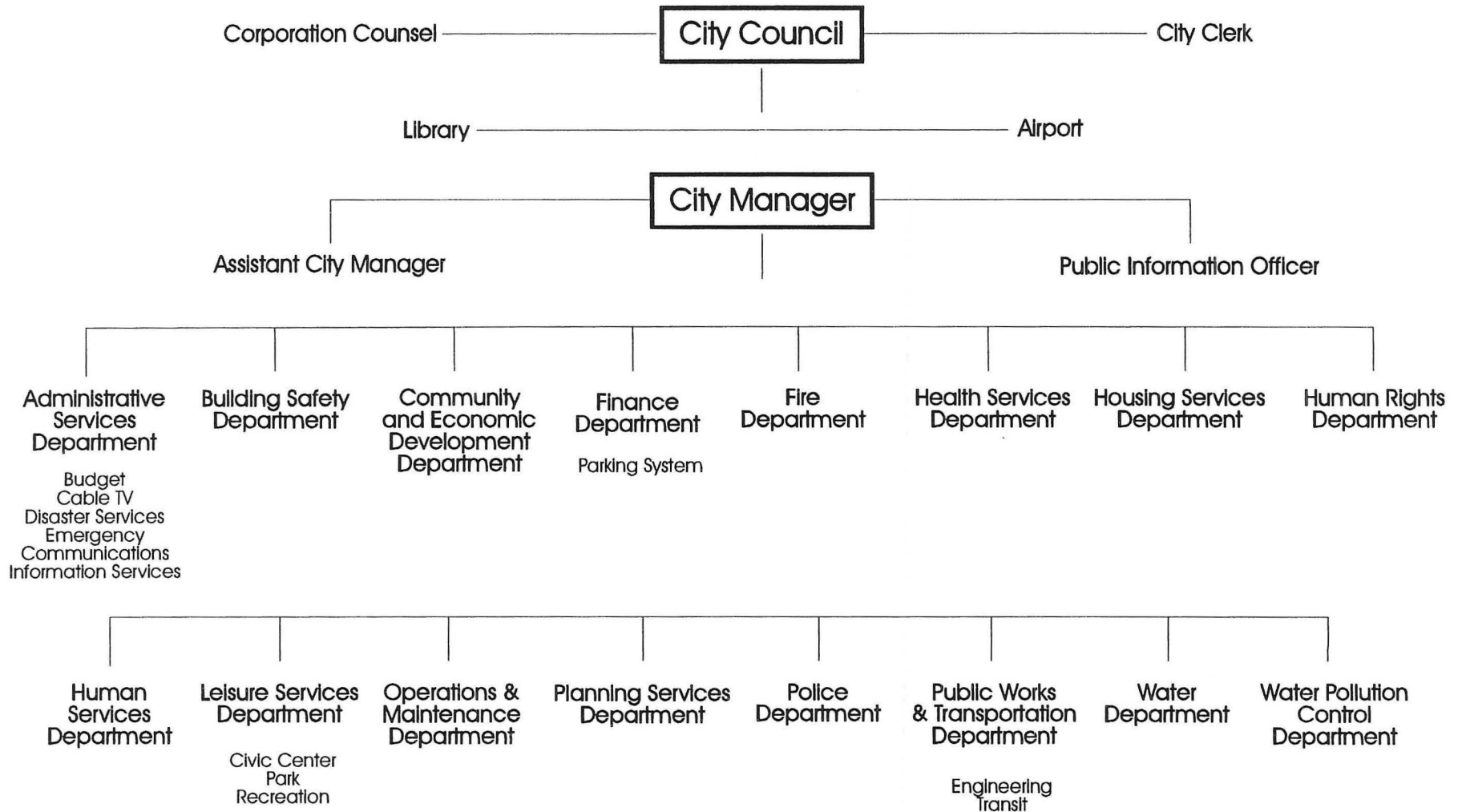
Michael C. Van Milligen
City Manager



Duane R. Pitcher
Finance Director



ORGANIZATIONAL CHART



CITY OF DUBUQUE, IOWA

OFFICIALS

June 30, 1996

CITY COUNCIL

TERRANCE M. DUGGAN	MAYOR
DANIEL E. NICHOLSON	COUNCIL MEMBER - AT LARGE
ANN MICHALSKI	COUNCIL MEMBER - AT LARGE
KATHRYN E. KRIEG	COUNCIL MEMBER - 1ST WARD
ROY BUOL	COUNCIL MEMBER - 2ND WARD
JOSEPH T. ROBBINS	COUNCIL MEMBER - 3RD WARD
DIRK K. VOETBERG	COUNCIL MEMBER - 4TH WARD

COUNCIL APPOINTED OFFICIALS

MICHAEL C. VAN MILLIGEN	CITY MANAGER
BARRY A. LINDAHL	CORPORATION COUNSEL
WILLIAM G. BLUM	CITY SOLICITOR
JAMES A. O'BRIEN	ASSISTANT CITY ATTORNEY
MARY A. DAVIS	CITY CLERK

DEPARTMENT MANAGERS

CHARLES J. AZEBEOKHAI	HUMAN RIGHTS DIRECTOR
JAMES D. BURKE	COMMUNITY/ECONOMIC DEVELOPMENT DIRECTOR
LAURA B. CARSTENS	CITY PLANNER
BOB GREEN	WATER PLANT MANAGER
DAVID W. HARRIS, JR.	HOUSING SERVICES MANAGER
PAUL HORSFALL	WATER POLLUTION CONTROL PLANT MANAGER
PAULINE J. JOYCE	ADMINISTRATIVE SERVICES MANAGER
MICHAEL A. KOCH	PUBLIC WORKS DIRECTOR/CITY ENGINEER
JOHN J. MAUSS	POLICE CHIEF
DANIEL E. BROWN	FIRE CHIEF
RANDALL K. PECK	HUMAN SERVICES MANAGER
DUANE PITCHER	FINANCE DIRECTOR
DAVID SHURTS	BUILDING SAFETY DEPARTMENT MANAGER
GIL D. SPENCE	LEISURE SERVICES MANAGER
DONALD J. VOGT	OPERATIONS AND MAINTENANCE 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, 1995

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.



Arthur R. Lynch
President

Jeffrey L. Esser
Executive Director

FINANCIAL SECTION



Charles Bailly & Company P.L.L.P.

Certified Public Accountants • Consultants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council:

We have audited the accompanying general purpose financial statements of the City of Dubuque, Iowa, as of and for the year ended June 30, 1996, 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 generally accepted auditing standards; Chapter 11 of the Code of Iowa; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 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, 1996, 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 generally accepted accounting principles.

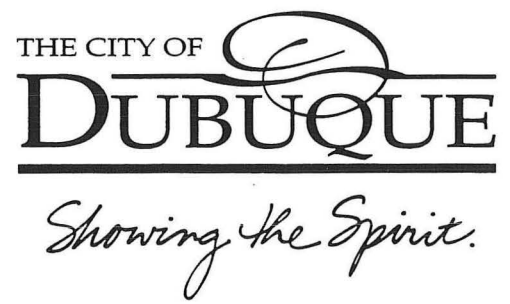
In accordance with *Government Auditing Standards*, we have also issued a report dated November 25, 1996, on our consideration of the City of Dubuque, Iowa's, internal control structure and a report dated November 25, 1996, on its compliance with laws and regulations.

Our audit was conducted 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, and statistical data 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 the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Charles Bailly & Company P.L.L.P.

Dubuque, Iowa
November 25, 1996

**GENERAL PURPOSE
FINANCIAL STATEMENTS**



CITY OF DUBUQUE, IOWA

Combined Balance Sheet - All Fund Types, Account Groups, and
Discretely Presented Component Unit

June 30, 1996

	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Assets and Other Debits					
Assets:					
Cash and pooled cash investments	\$ 6,862,305	\$ 14,102,195	\$ 1,677,632	\$ 9,477,065	\$ 10,580,946
Cash and pooled cash investments - nonexpendable trust	0	0	0	0	0
Investments	0	0	0	0	0
Insurance deposit	0	0	0	0	0
Receivables:					
Taxes	75,385	40,534	31,564	0	6,113
Accounts	389,790	0	0	0	1,141,010
Special assessments	0	371,632		0	0
Accrued interest	269,074	403,208	13,928	78,783	92,158
Notes - current	0	796,578	50,000	0	0
Notes - long-term	0	10,253,157	0	0	0
Intergovernmental	153,658	1,865,794	0	757,883	2,169
Due from other funds	127,742	0	0	0	0
Due from primary government	0	0	0	0	0
Inventory	0	0	0	0	243,031
Prepaid items	0	0	0	0	5,037
Restricted assets:					
Cash and pooled cash investments	0	0	0	0	1,087,448
Accrued interest receivable	0	0	0	0	6,378
Deferred charges	0	0	0	0	16,550
Land	0	0	0	0	1,151,521
Buildings and improvements	0	0	0	0	38,820,052
Improvements other than buildings	0	0	0	0	13,821,277
Machinery and equipment	0	0	0	0	28,518,865
Construction in progress	0	0	0	0	11,263,527
Accumulated depreciation	0	0	0	0	(43,378,577)
Other Debits:					
Amount available in debt service funds	0	0	0	0	0
Amount to be provided for retirement of general long-term debt	0	0	0	0	0
Total Assets and Other Debits	\$ 7,877,954	\$ 27,833,098	\$ 1,773,124	\$ 10,313,731	\$ 63,377,505

See notes to the financial statements.

Fund Types	Fiduciary Fund Type	Account Groups		Totals Primary	Component Unit Dubuque	Totals Reporting
Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Government (Memorandum Only)	Metropolitan Area Solid Waste Agency	Entity (Memorandum Only)
\$ 2,098,207	\$ 677,989	\$ 0	\$ 0	\$ 45,476,339	\$ 5,020,382	\$ 50,496,721
0	81,599	0	0	81,599	0	81,599
0	6,951,505	0	0	6,951,505	0	6,951,505
1,000	0	0	0	1,000	0	1,000
0	0	0	0	153,596	0	153,596
0	16,201	0	0	1,547,001	220,278	1,767,279
0	0	0	0	371,632	0	371,632
22,347	874	0	0	880,372	73,333	953,705
0	0	0	0	846,578	0	846,578
0	0	0	0	10,253,157	0	10,253,157
0	0	0	0	2,779,504	0	2,779,504
0	0	0	0	127,742	0	127,742
0	0	0	0	0	47,488	47,488
18,041	0	0	0	261,072	0	261,072
0	0	0	0	5,037	0	5,037
0	62,142	0	0	1,149,590	453,169	1,602,759
0	0	0	0	6,378	0	6,378
0	0	0	0	16,550	0	16,550
0	0	9,187,932	0	10,339,453	552,528	10,891,981
0	0	35,790,981	0	74,611,033	3,146,598	77,757,631
0	0	4,617,891	0	18,439,168	0	18,439,168
142,338	0	12,423,509	0	41,084,712	1,381,261	42,465,973
0	0	1,275,471	0	12,538,998	91,852	12,630,850
(103,373)	0	0	0	(43,481,950)	(2,104,748)	(45,586,698)
0	0	0	1,750,034	1,750,034	0	1,750,034
0	0	0	13,539,333	13,539,333	0	13,539,333
\$ 2,178,560	\$ 7,790,310	\$ 63,295,784	\$ 15,289,367	\$ 199,729,433	\$ 8,882,141	\$ 208,611,574

(continued)

CITY OF DUBUQUE, IOWA

Combined Balance Sheet - All Fund Types, Account Groups, and
Discretely Presented Component Unit

June 30, 1996

	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Liabilities, Equity, and Other Credits					
Liabilities:					
Accounts payable	\$ 105,999	\$ 5,049,194	\$ 0	\$ 1,009,687	\$ 151,932
Accrued payroll	421,117	89,980	0	0	116,707
General obligation bonds payable - current	0	0	0	0	190,000
Revenue bonds payable - current	0	0	0	0	110,000
Accrued compensated absences	329,537	37,630	0	0	273,244
Due to employees	0	0	0	0	0
Intergovernmental payable	0	117,734	0	0	0
Due to other funds	0	99,217	0	0	0
Due to component unit	0	0	0	0	47,488
Payable from restricted assets:					
Revenue bonds payable	0	0	0	0	450,000
Accrued interest payable	0	0	0	0	42,854
Matured interest payable	0	0	300	0	0
Notes payable	0	0	0	0	0
General obligation bonds payable	0	0	0	0	1,420,000
Revenue bonds payable	0	0	0	0	2,414,190
Landfill closure and postclosure care	0	0	0	0	0
Tax-increment financing bonds payable	0	0	0	0	0
Deferred revenue	54,431	391,701	22,790	0	0
Total Liabilities	911,084	5,785,456	23,090	1,009,687	5,216,415
Equity and Other Credits:					
Contributed capital	0	0	0	0	32,938,618
Investment in general fixed assets	0	0	0	0	0
Retained earnings:					
Reserved by State statute	0	0	0	0	0
Reserved by bond ordinance	0	0	0	0	1,093,826
Unreserved	0	0	0	0	24,128,646
Fund Balances:					
Reserved for long-term notes receivable	0	10,253,157	0	0	0
Reserved for encumbrances	394,951	497,969	57,927	1,671,310	0
Reserved for dog track	0	0	0	1,059,999	0
Reserved by franchise agreement	0	0	0	0	0
Reserved for endowments	0	0	0	0	0
Reserved for debt service	0	0	1,692,107	0	0
Unreserved, undesignated	6,571,919	11,296,516	0	6,572,735	0
Total Equity and Other Credits	6,966,870	22,047,642	1,750,034	9,304,044	58,161,090
Total Liabilities, Equity, and Other Credits	\$ 7,877,954	\$ 27,833,098	\$ 1,773,124	\$ 10,313,731	\$ 63,377,505

See notes to financial statements.

Fund Types	Fiduciary Fund Type	Account Groups		Totals Primary	Component Unit Dubuque	Totals Reporting
		General Fixed Assets	General Long-Term Debt			
Internal Service	Trust and Agency			Government (Memorandum Only)	Metropolitan Area Solid Waste Agency	Entity (Memorandum Only)
\$ 542,996	\$ 2,566	\$ 0	\$ 0	\$ 6,862,374	\$ 195,346	\$ 7,057,720
26,320	0	0	0	654,124	9,612	663,736
0	0	0	0	190,000	0	190,000
0	0	0	0	110,000	0	110,000
0	9,013	0	1,452,938	2,102,362	36,657	2,139,019
0	6,961,335	0	0	6,961,335	0	6,961,335
0	0	0	0	117,734	45,187	162,921
28,525	0	0	0	127,742	0	127,742
0	0	0	0	47,488	0	47,488
0	0	0	0	450,000	0	450,000
0	0	0	0	42,854	0	42,854
0	0	0	0	300	0	300
0	0	0	411,429	411,429	0	411,429
0	0	0	12,590,000	14,010,000	0	14,010,000
0	0	0	0	2,414,190	0	2,414,190
0	0	0	0	0	479,914	479,914
0	0	0	835,000	835,000	0	835,000
0	288,000	0	0	756,922	0	756,922
597,841	7,260,914	0	15,289,367	36,093,854	766,716	36,860,570
0	0	0	0	32,938,618	0	32,938,618
0	0	63,295,784	0	63,295,784	0	63,295,784
0	0	0	0	0	453,169	453,169
0	0	0	0	1,093,826	0	1,093,826
1,580,719	0	0	0	25,709,365	7,662,256	33,371,621
0	0	0	0	10,253,157	0	10,253,157
0	0	0	0	2,622,157	0	2,622,157
0	0	0	0	1,059,999	0	1,059,999
0	52,312	0	0	52,312	0	52,312
0	81,989	0	0	81,989	0	81,989
0	0	0	0	1,692,107	0	1,692,107
0	395,095	0	0	24,836,265	0	24,836,265
1,580,719	529,396	63,295,784	0	163,635,579	8,115,425	171,751,004
\$ 2,178,560	\$ 7,790,310	\$ 63,295,784	\$ 15,289,367	\$ 199,729,433	\$ 8,882,141	\$ 208,611,574

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, 1996

	Governmental	
	General	Special Revenue
Revenues:		
Taxes	\$ 8,546,463	\$ 9,116,639
Special assessments	0	143,948
Licenses and permits	716,754	0
Intergovernmental	1,341,838	7,910,802
Charges for services	5,490,619	0
Fines and forfeits	349,519	0
Miscellaneous	505,331	115,764
Interest	1,088,756	535,950
Total Revenues	<u>18,039,280</u>	<u>17,823,103</u>
Expenditures:		
Current:		
Administration	2,551,070	684,349
Protective services	9,222,611	2,979,468
Facilities and environment	2,624,995	7,417,759
Leisure services	4,746,189	761,848
Non-program	0	0
Debt service:		
Principal retirement	0	0
Interest and fiscal charges	0	0
Capital outlay	0	0
Total Expenditures	<u>19,144,865</u>	<u>11,843,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,105,585)</u>	<u>5,979,679</u>
Other Financing Sources (Uses):		
Proceeds from long-term debt	0	0
Operating transfers in	3,045,273	471,599
Operating transfers out	(132,021)	(6,409,296)
Total Other Financing Sources (Uses)	<u>2,913,252</u>	<u>(5,937,697)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>1,807,667</u>	<u>41,982</u>
Fund Balances, Beginning, as restated	<u>5,159,203</u>	<u>22,005,660</u>
Fund Balances, Ending	<u>\$ 6,966,870</u>	<u>\$ 22,047,642</u>

See notes to financial statements.

Fund Types		Fiduciary Fund Type	Totals Primary Government (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$ 3,956,572	\$ 0	\$ 0	\$ 21,619,674
0	0	0	143,948
0	0	0	716,754
0	1,933,677	0	11,186,317
0	0	0	5,490,619
0	0	0	349,519
0	357,150	346,795	1,325,040
61,052	326,681	0	2,012,439
4,017,624	2,617,508	346,795	42,844,310
17,158	0	176,461	3,429,038
0	0	209,465	12,411,544
0	0	0	10,042,754
0	0	0	5,508,037
0	0	177	177
2,851,150	0	0	2,851,150
899,085	0	0	899,085
17,174	7,704,024	0	7,721,198
3,784,567	7,704,024	386,103	42,862,983
233,057	(5,086,516)	(39,308)	(18,673)
	2,000,000		2,000,000
105,919	6,334,894	0	9,957,685
(311,384)	3,401,109	0	(10,253,810)
(205,465)	4,933,785	0	1,703,875
27,592	(152,731)	(39,308)	1,685,202
1,722,442	9,456,775	486,715	38,830,795
\$ 1,750,034	\$ 9,304,044	\$ 447,407	\$ 40,515,997

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, 1996

	General Fund			Special Revenue	
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual
Revenues:					
Taxes	\$ 8,149,288	\$ 8,550,717	\$ 401,429	\$ 8,836,329	\$ 8,877,919
Special assessments	0	0	0	0	0
Licenses and permits	582,429	716,752	134,323	0	0
Intergovernmental	2,097,479	1,234,309	(863,170)	14,926,332	12,327,600
Charges for services	4,622,562	5,509,251	886,689	0	0
Fines and forfeits	354,500	345,816	(8,684)	0	0
Miscellaneous	383,237	505,331	122,094	1,096,503	1,065,764
Interest	523,500	1,056,003	532,503	522,112	634,560
Total Revenues	<u>16,712,995</u>	<u>17,918,179</u>	<u>1,205,184</u>	<u>25,381,276</u>	<u>22,905,843</u>
Expenditures:					
Current:					
Administration	3,176,953	2,549,453	627,500	1,178,744	684,348
Protective services	9,374,575	9,243,424	131,151	3,019,676	2,947,227
Facilities & environment	4,543,973	2,614,689	1,929,284	24,462,369	7,694,825
Leisure services	5,424,323	4,763,913	660,410	834,319	762,284
Debt service:					
Principal retirement	0	0	0	0	0
Interest & fiscal charges	0	0	0	0	0
Capital outlay	0	0	0	0	0
Total Expenditures	<u>22,519,824</u>	<u>19,171,479</u>	<u>3,348,345</u>	<u>29,495,108</u>	<u>12,088,684</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,806,829)</u>	<u>(1,253,300)</u>	<u>4,553,529</u>	<u>(4,113,832)</u>	<u>10,817,159</u>
Other Financing Sources (Uses):					
Proceeds from long-term debt	0	0	0	0	0
Operating transfers in	2,986,609	2,979,967	(6,642)	460,325	1,463,418
Operating transfers out	(105,919)	(132,022)	(26,103)	(7,283,548)	(6,157,867)
Total Other Financing Sources (Uses)	<u>2,880,690</u>	<u>2,847,945</u>	<u>(32,745)</u>	<u>(6,823,223)</u>	<u>(4,694,449)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(2,926,139)</u>	<u>1,594,645</u>	<u>4,520,784</u>	<u>(10,937,055)</u>	<u>6,122,710</u>
Fund Balances, Beginning	<u>5,179,700</u>	<u>5,179,700</u>	<u>0</u>	<u>9,021,562</u>	<u>9,021,562</u>
Fund Balances, Ending	<u>\$ 2,253,561</u>	<u>\$ 6,774,345</u>	<u>\$ 4,520,784</u>	<u>\$ (1,915,493)</u>	<u>\$15,144,272</u>

See notes to financial statements.

Funds	Debt Service Funds			Capital Projects Funds		
	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual
\$ 41,590	\$ 4,022,977	\$ 3,956,885	\$ (66,092)	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(2,598,732)	0	0	0	2,361,807	0	(2,361,807)
0	0	0	0	223,920	231,739	7,819
0	0	0	0	0	0	0
(30,739)	0	0	0	2,763,866	1,651,916	(1,111,950)
112,448	0	47,124	47,124	38,000	319,753	281,753
(2,475,433)	4,022,977	4,004,009	(18,968)	5,387,593	2,203,408	(3,184,185)
494,396	0	0	0	0	0	0
72,449	0	0	0	0	0	0
16,767,544	0	0	0	0	0	0
72,035	0	0	0	0	0	0
0	2,860,000	2,924,122	(64,122)	0	0	0
0	883,101	899,086	(15,985)	0	0	0
0	509,540	34,332	475,208	54,872,672	7,001,443	47,871,229
17,406,424	4,252,641	3,857,540	395,101	54,872,672	7,001,443	47,871,229
14,930,991	(229,664)	146,469	376,133	(49,485,079)	(4,798,035)	44,687,044
0	0	0	0	2,000,000	2,000,000	0
1,003,093	105,919	105,919	0	6,034,158	6,341,305	307,147
1,125,681	(476,027)	(148,105)	327,922	(2,293,303)	(3,407,520)	(1,114,217)
2,128,774	(370,108)	(42,186)	327,922	5,740,855	4,933,785	(807,070)
17,059,765	(599,772)	104,283	704,055	(43,744,224)	135,750	43,879,974
0	1,638,656	1,638,656	0	9,341,313	9,341,313	0
<u>\$ 17,059,765</u>	<u>\$ 1,038,884</u>	<u>\$ 1,742,939</u>	<u>\$ 704,055</u>	<u>\$ (34,402,911)</u>	<u>\$ 9,477,063</u>	<u>\$ 43,879,974</u>

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, 1996

	Proprietary Fund Types	
	Enterprise	Internal Service
Operating Revenues:		
Charges for sales and services	\$ 11,255,897	\$ 4,042,993
Other	435,859	0
Investment earnings	0	0
Total Operating Revenues	<u>11,691,756</u>	<u>4,042,993</u>
Operating Expenses:		
Employee expense	4,524,652	1,042,320
Utilities	886,420	13,151
Repairs and maintenance	1,222,067	15,281
Supplies and services	2,492,922	263,055
Insurance	278,240	2,723,993
Landfill closure and postclosure care	0	0
Depreciation	<u>1,754,429</u>	<u>10,730</u>
Total Operating Expenses	<u>11,158,730</u>	<u>4,068,530</u>
Operating Income (Loss)	<u>533,026</u>	<u>(25,537)</u>
Nonoperating Revenues (Expenses):		
Interest revenue	496,614	96,398
Interest expense	(305,697)	0
Operating grants	455,855	0
Taxes	572,999	0
Loss on disposal of assets	(25,287)	0
Bond issuance costs	<u>(1,193)</u>	<u>0</u>
Total Nonoperating Revenues (Expenses)	<u>1,193,291</u>	<u>96,398</u>
Income (Loss) Before Operating Transfers	<u>1,726,317</u>	<u>70,861</u>
Operating Transfers:		
Operating transfers in	192,725	292,000
Operating transfers out	<u>(188,600)</u>	<u>0</u>
Total Operating Transfers	<u>4,125</u>	<u>292,000</u>
Net Income (Loss)	<u>1,730,442</u>	<u>362,861</u>
Retained Earnings/Fund Balances, Beginning	<u>23,492,030</u>	<u>1,217,858</u>
Retained Earnings/Fund Balances, Ending	<u>\$ 25,222,472</u>	<u>\$ 1,580,719</u>

See notes to financial statements.

Fiduciary Fund Type	Totals Primary Government	Component Unit		Totals Reporting Entity
		Dubuque Metropolitan Area	Solid Waste Agency	
Nonexpendable Trust	(Memorandum Only)			(Memorandum Only)
\$ 0	\$ 15,298,890	\$ 2,705,457		\$ 18,004,347
3,792	439,651	4,104		443,755
5,466	5,466	0		5,466
9,258	15,744,007	2,709,561		18,453,568
0	5,566,972	385,787		5,952,759
0	899,571	13,492		913,063
0	1,237,348	69,396		1,306,744
11,141	2,767,118	787,193		3,554,311
0	3,002,233	17,987		3,020,220
0	0	51,538		51,538
0	1,765,159	529,292		2,294,451
11,141	15,238,401	1,854,685		17,093,086
(1,883)	505,606	854,876		1,360,482
0	593,012	213,209		806,221
0	(305,697)	0		(305,697)
0	455,855	0		455,855
0	572,999	0		572,999
0	(25,287)	0		(25,287)
0	(1,193)	0		(1,193)
0	1,289,689	213,209		1,502,898
(1,883)	1,795,295	1,068,085		2,863,380
0	484,725	0		484,725
0	(188,600)	0		(188,600)
0	296,125	0		296,125
(1,883)	2,091,420	1,068,085		3,159,505
83,872	24,793,760	7,047,340		31,841,100
\$ 81,989	\$ 26,885,180	\$ 8,115,425		\$ 35,000,605

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, 1996

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
Cash Flows from Operating Activities:		
Operating income (loss)	\$ 533,026	\$ (25,537)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Landfill closure and postclosure care	0	0
Depreciation	1,754,429	10,730
Operating grants received	455,855	0
Investment earnings	0	0
Changes in assets and liabilities:		
Decrease in accounts receivable	184,648	0
(Increase) in intergovernmental receivable	(450)	0
Decrease in due from primary government	0	0
(Increase) decrease in inventory	(39,357)	4,102
Increase (decrease) in accounts payable	(545,195)	(221,529)
Increase (decrease) in accrued payroll	(21,617)	1,586
Increase (decrease) in accrued compensated absences	(22,613)	0
Increase in intergovernmental payable	0	0
Increase (decrease) in due to other funds	(213,711)	18,158
(Decrease) in due to component unit	(10,533)	0
(Decrease) in accounts payable from restricted assets	(98,728)	0
Net cash provided (used) by operating activities	<u>1,975,754</u>	<u>(212,490)</u>
Cash Flows from Noncapital Financing Activities:		
Property taxes received	576,598	0
Operating transfers in	192,725	292,000
Operating transfers out	(188,600)	0
Net cash provided by noncapital financing activities	<u>580,723</u>	<u>292,000</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of fixed assets	(1,985,859)	(6,671)
Proceeds from sale of fixed assets	3,000	0
Principal paid on bonds	(693,500)	0
Interest paid on bonds	(318,477)	0
Capital contributed by intergovernmental	<u>2,388</u>	<u>0</u>
Net cash (used) by capital and related financing activities	<u>(2,992,448)</u>	<u>(6,671)</u>

EXHIBIT 5

<u>Fiduciary Fund Type</u>	<u>Totals Primary Government (Memorandum Only)</u>	<u>Component Unit Dubuque Metropolitan Area Solid Waste Agency</u>	<u>Totals Reporting Entity (Memorandum Only)</u>
\$ (1,883)	\$ 505,606	\$ 854,876	\$ 1,360,482
0	0	51,538	51,538
0	1,765,159	529,292	2,294,451
0	455,855	0	455,855
(5,466)	(5,466)	0	(5,466)
0	184,648	11,559	196,207
0 (450)	0	0 (450)	0 (450)
0	0	10,533	10,533
0 (35,255)	0	0 (35,255)	0 (35,255)
484 (766,240)	117,061	(649,179)	(649,179)
0 (20,031)	(321)	(20,352)	(20,352)
0 (22,613)	2,305	(20,308)	(20,308)
0	0	45,187	45,187
0 (195,553)	0	(195,553)	(195,553)
0 (10,533)	0	(10,533)	(10,533)
0	(98,728)	0	(98,728)
(6,865)	1,756,399	1,622,030	3,378,429
0	576,598	0	576,598
0	484,725	0	484,725
0	(188,600)	0	(188,600)
0	872,723	0	872,723
0 (1,992,530)	(534,506)	(2,527,036)	(2,527,036)
0 3,000	0	3,000	3,000
0 (693,500)	0	(693,500)	(693,500)
0 (318,477)	0	(318,477)	(318,477)
0	2,388	0	2,388
0	(2,999,119)	(534,506)	(3,533,625)

(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, 1996

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
Cash Flows from Investing Activities:		
Interest on cash and pooled cash investments	\$ 503,430	\$ 97,643
Net increase (decrease) in cash and cash equivalents	67,459	170,482
Cash and cash equivalents at beginning of year	<u>11,600,935</u>	<u>1,927,725</u>
Cash and cash equivalents at end of year	<u>\$ 11,668,394</u>	<u>\$ 2,098,207</u>
Noncash Investing, Capital, and Financing Activities:		
Contributions of fixed assets from developers and users	\$ 438,911	\$ 0

See notes to financial statements.

EXHIBIT 5
(continued)

<u>Fiduciary Fund Type</u>	<u>Totals Primary Government (Memorandum Only)</u>	<u>Component Unit Dubuque Metropolitan Area Solid Waste Agency</u>	<u>Totals Reporting Entity (Memorandum Only)</u>
<u>Nonexpendable Trust</u>			
\$ 5,328	\$ 606,401	\$ 149,218	\$ 755,619
(1,537)	236,404	1,236,742	1,473,146
<u>83,136</u>	<u>13,611,796</u>	<u>4,236,809</u>	<u>17,848,605</u>
<u>\$ 81,599</u>	<u>\$ 13,848,200</u>	<u>\$ 5,473,551</u>	<u>\$ 19,321,751</u>
 \$ 0		 \$ 0	

CITY OF DUBUQUE, IOWA

Notes to the Financial Statements

June 30, 1996

The notes to the 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. Deferred Compensation Plan
13. Post-Employment Health Care Benefits
14. Employee Retirement Systems
15. Industrial Development Revenue Bonds
16. Landfill Closure and Postclosure Care
17. Prior Period Adjustments

CITY OF DUBUQUE, IOWA
Notes to the Financial Statements
June 30, 1996

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City of Dubuque, Iowa, is a municipal corporation governed by an elected mayor and six-member council. As required by generally accepted accounting principles, 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 it is legally separate from the City. The component unit 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
13th & Central
Dubuque, Iowa 52001

Jointly Governed Organizations

The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. 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.

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 collectible within the current period or 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. A one-year availability period is used for revenue recognition for all other governmental fund revenues. 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 collected and held by the state at year end on behalf of the City are also recognized as revenue. 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 funds* account 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.

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 and its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts.

Investments are stated at cost or amortized cost, except for investments in the deferred compensation agency fund which are reported at market value.

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."

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. Property taxes attach as an enforceable lien on July 1.

Inventory and Prepaid Items

Inventory of materials and supplies in the enterprise funds is determined by actual count and priced on the first-in, first-out (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 enterprise fund 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.

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 to 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 the asset or materially extend assets' lives 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.

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 generally accepted accounting principles. 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. Appropriations as adopted and amended lapse at the end of the fiscal year.

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.

The budget for the fiscal year ended June 30, 1996, was amended twice during the year to allow the City to increase program expenditures by approximately \$33,600,000, 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 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 generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective, and entity differences in excess of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended June 30, 1996, is presented as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Excess of revenues and other sources over expenditures and other uses (budgetary basis)	\$ 1,594,645	\$ 6,122,710	\$ 104,283	\$ 135,750
Adjustments:				
To adjust revenues for accruals	186,408	(5,082,740)	13,615	414,100
To adjust expenditures for accruals	<u>26,614</u>	<u>(997,988)</u>	<u>(90,306)</u>	<u>(702,581)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses (GAAP basis)	<u>\$ 1,807,667</u>	<u>\$ 41,982</u>	<u>\$ 27,592</u>	<u>\$ (152,731)</u>

Deficit Fund Equity

The following funds had deficit fund balance/retained earnings amounts as of June 30, 1996:

Special Revenue:	
Trust and Agency	\$ (61,204)
Enterprise:	
Transit System	(2,748,008)
Internal Service:	
General Service	(15,040)
Stores/Printing	(1,074)

Comparison of Actual Expenditures with Budget (Cash 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 (Administration), Community Protection (Protective Services), Home and Community Environment (Facilities and Environment), and Human Development (Leisure Services). 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>
Administration	\$ 5,698,220	\$ 4,126,317	\$ 1,571,903
Protective services	12,757,609	12,567,675	189,934
Facilities and environment	71,920,247	34,316,259	37,603,988
Leisure services	<u>7,306,276</u>	<u>6,377,272</u>	<u>929,004</u>
Total	<u>\$97,682,352</u>	<u>\$57,387,523</u>	<u>\$40,294,829</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 \$17,911.

Deposits. At year end, the City's carrying amount of deposits was \$13,019,533 and the bank balance was \$13,203,030. Of the bank balance, \$500,000 was covered by depository insurance. The balance was collateralized with securities or letters of credit held by the City or its agent in the City's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was \$1,668,919 and the bank balance was \$1,740,630. Of the bank balance, \$200,000 was covered by depository insurance. The balance was collateralized with securities or letters of credit held by the Agency or its agent in the Agency's name, or by a multiple financial institution collateral pool 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, 1996, are as follows:

	Categories			Carrying Amount	Market Value
	1	2	3		
U.S. Treasury Securities	\$18,804,374	\$ 0	\$ 0	\$18,804,374	\$18,700,753
Federal Agency Obligations	8,461,924	0	0	8,461,924	8,304,894
Corporate Stock	7,088	0	0	7,088	58,345
	<u>\$27,273,386</u>	<u>\$ 0</u>	<u>\$ 0</u>	27,273,386	27,063,992
Investment Pools:					
Mutual U.S. Government Bond Fund				6,397,698	6,297,055
Deferred Compensation Mutual Fund				<u>6,951,505</u>	<u>6,951,505</u>
Total Investments				<u>\$40,622,589</u>	<u>\$40,312,552</u>

The Dubuque Metropolitan Area Solid Waste Agency's investments at June 30, 1996, are as follows:

	Carrying Amount	Market Value
U.S. Treasury obligations	<u>\$ 3,788,070</u>	<u>\$ 3,788,022</u>

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

Cash on hand	\$ 17,911
Carrying amount of deposits	13,019,533
Carrying amount of investments	<u>40,622,589</u>
Total	<u>\$53,660,033</u>

Cash and pooled cash investments	\$45,476,339
Cash and pooled cash investments - nonexpendable trust	81,599
Investments	6,951,505
Insurance deposit	1,000
Cash and pooled cash investments - restricted	<u>1,149,590</u>
Total	<u>\$53,660,033</u>

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 \$127,742.

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, 1995	Additions	Retirements	Balance June 30, 1996
Land	\$ 9,267,822	\$ 0	\$ 79,890	\$ 9,187,932
Buildings and improvements	35,609,897	261,084	80,000	35,790,981
Improvements other than buildings	4,889,748	0	271,857	4,617,891
Machinery and equipment	12,025,261	681,428	283,180	12,423,509
Construction in progress	<u>1,326,807</u>	<u>1,074,837</u>	<u>1,126,173</u>	<u>1,275,471</u>
Total General Fixed Assets	<u>\$63,119,535</u>	<u>\$ 2,017,349</u>	<u>\$ 1,841,100</u>	<u>\$63,295,784</u>

The following is a summary of proprietary fund type assets at June 30, 1996:

	Enterprise Funds	Internal Service Funds
Land	\$ 1,151,521	\$ 0
Buildings and improvements	38,820,052	0
Improvements other than buildings	13,821,277	0
Machinery and equipment	28,518,865	142,338
Construction in progress	11,263,527	0
Accumulated depreciation	<u>(43,378,577)</u>	<u>(103,373)</u>
Net Fixed Assets	<u>\$ 50,196,665</u>	<u>\$ 38,965</u>

The following is a summary of proprietary fund type fixed assets for the Dubuque Metropolitan Area Solid Waste Agency at June 30, 1996:

Land	\$ 552,528
Buildings and improvements	3,146,598
Machinery and equipment	1,381,261
Construction in process	91,852
Accumulated depreciation	<u>(2,104,748)</u>
Net Fixed Assets	<u>\$ 3,067,491</u>

Note 6. Interfund Receivables and Payables

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue Funds	
	Trust and Agency	\$ 8,524
	Community Development	90,693
	Internal Service Funds	
	Garage Service	23,591
	Stores/Printing	<u>4,934</u>
	Total	<u>\$ 127,742</u>

Due 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 - refuse collection fund	
		<u>\$ 47,488</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.

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, 1996, 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	03/01/87	05/01/88-05/01/01	4.40-5.60%	\$ 4,000,000	\$ 2,475,000
Corporate purpose	06/01/89	05/01/91-05/01/00	6.50-6.70	3,500,000	1,575,000
Corporate purpose	05/15/90	05/01/91-05/01/00	6.50-6.80	1,965,000	945,000
Corporate purpose	05/01/91	05/01/92-05/01/02	5.50-6.10	2,500,000	1,705,000
Corporate purpose	06/01/93	05/01/94-05/01/03	2.65-4.50	4,615,000	3,090,000
Corporate purpose	05/01/94	05/01/95-05/01/04	3.50-5.13	3,100,000	2,510,000
Corporate purpose	07/01/95	05/01/96-05/01/05	4.10-4.90	2,000,000	1,900,000
				<u>\$21,680,000</u>	<u>\$14,200,000</u>

Annual debt service requirements to maturity for general obligation bonds, including interest of \$2,822,511, are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>General Long-Term</u> <u>Debt Account Group</u>
1997	\$ 3,184,969
1998	2,936,464
1999	2,751,141
2000	2,216,361
2001	2,218,296
2002-2005	<u>3,715,280</u>
Total	<u>\$17,022,511</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, 1996, are as follows:

<u>Purpose</u>	<u>Date of</u> <u>Issue</u>	<u>Maturity</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Amount</u> <u>Originally</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>End of Year</u>
Couler Valley	07/01/86	06/01/90-06/01/97	7.50%	\$ 350,000	\$ 60,000
Blue Moon	08/08/90	08/01/91-08/01/96	8.00-8.75	1,200,000	250,000
Nordstrom	03/01/91	08/01/93-08/01/98	7.13-8.56	<u>1,000,000</u>	<u>525,000</u>
				<u>\$ 2,550,000</u>	<u>\$ 835,000</u>

Annual debt service requirements to maturity for tax-increment financing bonds, including interest of \$82,174, are as follows:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Amount</u>
1997	\$ 537,354
1998	197,330
1999	<u>182,490</u>
Total	<u>\$ 917,174</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, 1996, are as follows:

<u>Purpose</u>	<u>Date of</u> <u>Issue</u>	<u>Maturity</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Amount</u> <u>Originally</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>End of Year</u>
Water utility	07/01/76	07/01/77-07/01/96	5.00-6.5%	\$ 5,700,000	\$ 450,000
Parking facilities	05/15/90	05/01/92-05/01/10	7.40-7.63	<u>3,000,000</u>	<u>2,524,190</u>
				<u>\$ 8,700,000</u>	<u>\$ 2,974,190</u>

Revenue bond debt service requirements to maturity, including interest of \$1,667,228, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
1997	\$ 760,409
1998	301,019
1999	297,139
2000	297,889
2001	297,899
2002-2010	<u>2,687,063</u>
Total	<u>\$ 4,641,418</u>

Notes Payable. Notes payable have been issued to provide funds for economic development and for golf course improvements and equipment. Notes payable at June 30, 1996, 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	04/02/84	05/15/89-05/15/98	None	\$ 250,000	\$ 50,000
Economic development	11/30/90	10/01/99	None	190,000	190,000
Economic development	11/09/94	11/09/95-11/09/01	None	<u>200,000</u>	<u>171,429</u>
				<u>\$ 640,000</u>	<u>\$ 411,429</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
1997	\$ 53,572
1998	53,572
1999	28,572
2000	218,571
2001	28,571
2002	<u>28,571</u>
Total	<u>\$ 411,429</u>

Changes in Long-term Liabilities. During the fiscal year ended June 30, 1996, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance July 1, 1995</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 1996</u>
Accrued Compensated Absences	\$ 637,386	\$ 815,552	\$ 0	\$ 1,452,938
Notes Payable - Long-Term	296,250	200,000	84,821	411,429
General Obligation Debt	12,975,000	2,000,000	2,385,000	12,590,000
Tax-Increment Financing Debt	<u>1,310,000</u>	<u>0</u>	<u>475,000</u>	<u>835,000</u>
Totals	<u>\$15,218,636</u>	<u>\$ 3,015,552</u>	<u>\$ 2,944,821</u>	<u>\$15,289,367</u>

Note 8. Contributed Capital

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

<u>Sources</u>	<u>Sewage Disposal Works</u>	<u>Water Utility</u>	<u>Refuse Collection</u>	<u>Transit System</u>
Beginning balance contributed capital	<u>\$24,442,279</u>	<u>\$ 2,241,848</u>	<u>\$ 336,354</u>	<u>\$ 5,476,838</u>
Contributions received:				
Intergovernmental	0	0	0	2,388
Developers and users	<u>393,161</u>	<u>45,750</u>	<u>0</u>	<u>0</u>
Total contributions received	<u>393,161</u>	<u>45,750</u>	<u>0</u>	<u>2,388</u>
Contributions made:				
Government	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending balance, contributed capital	<u>\$24,835,440</u>	<u>\$ 2,287,598</u>	<u>\$ 336,354</u>	<u>\$ 5,479,226</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 a specific stop loss amount of \$50,000, and an aggregate stop loss of approximately \$2,735,000 for 1996. 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 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 of \$5,000,000 for 1996. 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.

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 \$393,313 in the Health Insurance Reserve Fund and \$149,683 in the Workers Compensation Reserve Fund are 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, 1995 and 1996, are summarized as follows:

	Health Insurance Reserve Fund	Workers Compensation Reserve Fund
Liabilities at July 1, 1994	\$ 173,962	\$ 153,173
Claim and changes in estimates during fiscal year 1995	1,740,519	154,045
Claim payments	(1,233,064)	(225,859)
Liabilities at June 30, 1995	681,417	81,359
Claims and changes in estimates during fiscal year 1996	1,902,143	314,601
Claim payments	(2,190,247)	(246,277)
Liabilities at June 30, 1996	<u>\$ 393,313</u>	<u>\$ 149,683</u>

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 384.12 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 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 and inland marine. There have been no reductions in insurance coverage from prior years.

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

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

The City'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, 1996, were \$457,158.

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 \$7,000,000, 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, 1996, no liability has been recorded in the City's financial statements. As of June 30, 1996, settled claims have not exceeded the risk pool or reinsurance company coverage in any of the past three fiscal years.

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

Note 10. Segment Information - Enterprise Funds

The City maintains five enterprise funds which provide sewage disposal, water, parking, refuse, and transit services. Selected financial information for the fiscal year ended June 30, 1996, is as follows:

	<u>Sewage Disposal Works</u>	<u>Water Utility</u>	<u>Parking Facilities</u>
Operating revenues	\$ 4,626,031	\$ 3,833,149	\$ 1,087,111
Depreciation expense	418,133	736,494	267,349
Operating income	1,211,686	187,247	188,630
Operating grants	0	0	0
Operating transfers:			
In	0	188,600	0
Out	(118,600)	0	0
Tax revenues	0	0	0
Net income (loss)	1,336,425	431,408	53,680
Current capital contributions	393,161	45,750	0
Fixed assets:			
Additions	1,133,308	1,205,982	208,830
Deletions	45,156	54,483	0
Net working capital	6,099,594	2,444,216	146,956
Total assets	29,237,123	21,055,082	7,886,975
Bonds payable from			
operating revenues	1,160,000	900,000	2,524,190
Total equity	27,869,184	20,018,455	5,273,183

	Refuse Collection	Transit System	Total Enterprise Funds
Operating revenues	\$ 1,923,030	\$ 222,435	\$ 11,691,756
Depreciation expense	121,684	210,769	1,754,429
Operating income (loss)	185,135	(1,239,672)	533,026
Operating grants	0	455,855	455,855
Operating transfers:			
In	0	4,125	192,725
Out	(70,000)	0	(188,600)
Tax revenues	0	572,999	572,999
Net income (loss)	115,135	(206,206)	1,730,442
Current capital contributions	0	2,388	441,299
Fixed assets:			
Additions	121,689	2,985	2,672,794
Deletions	45,008	69,820	214,467
Net working capital	1,961,570	518,757	11,171,093
Total assets	2,376,438	2,821,887	63,377,505
Bonds payable from operating revenues	0	0	4,584,190
Total equity	2,269,050	2,731,218	58,161,090

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, 1996.

Litigation

The City's corporation counsel reported that as of June 30, 1996, various claims and lawsuits were on file against the City. The corporation counsel estimated that all potential settlements against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 1996. The City has additional commitments for signed construction contracts of approximately \$3,612,000 as of June 30, 1996. Of these commitments, approximately \$1,948,000 will be funded by federal and state grants and \$1,664,000 by cash reserves.

Note 12. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan; all property and rights purchased with those amounts; and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Investments are managed by the plan's trustee under one of eight investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

Note 13. 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, 1996, 48 retirees were eligible for these benefits, and the cost of the benefits for the fiscal year ended June 30, 1996, totaled \$48,394.

Note 14. Employee Retirement Systems

MFPRSI

The City of Dubuque is a participating employer in the Municipal Fire and Police Retirement System of Iowa (MFPRSI). This single cost-sharing statewide multiple-employer fire and police retirement system is a defined benefit plan that covers members of the fire and police departments who have been appointed under civil service.

This pension plan provides retirement, disability, and death benefits in accordance with statutory eligibility requirements. Normal retirement is elective for members who have both attained the age of 55 and have completed 22 years of service. Accidental death and disability benefits are available regardless of age attainment and length of service. These benefits are attributable to events sustained in the line of duty that result in death or permanent disability. Ordinary disability benefits are provided for permanent disability not incurred in line of duty. Though eligibility may be attained at any age, the benefit is less for service of less than 4 years. Alternatives exist for ordinary death benefits depending upon whether the member was or was not in service at the time of death and years of service. A reduced benefit (termination benefit) is available at age 55 for members who have completed at least 4 years of service upon termination of membership before age 55, or at least 4 years of service upon termination of membership after age 55.

Benefit calculations are generally based upon the average of the highest three years of earnable compensation. The benefit allowance varies in accordance with the type of benefit and the eligibility for additional service credits. The plan provides that all benefits, except termination benefits, are subject to escalation as of July 1 and January 1 relative to pay increases granted to the fire and police department members on said dates.

Since the plan is administered by the statewide system, the City's responsibility is limited to the payment of contributions due from the City and the active members of the fire and police departments. The statutory contribution rates were 17.66% for the employer and 9.35% for the employees. Inasmuch as no ceiling limitation exists, the rates were applied against the entire amount of earnable compensation for the period. For the year ended June 30, 1996, the City contributed \$1,113,118 and the employees contributed \$589,335. The contributions were derived by applying the appropriate rates against earnable compensation of \$6,303,048. The total City payroll was \$19,508,250. The City's employer and employee contribution during the year ended June 30, 1996, represented 4.9 percent of total contributions of all participating entities.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess MFPRSI's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and among employers. MFPRSI does not make separate measurements of assets and pension benefit obligation for individual employers. At June 30, 1996, the pension benefit obligation for MFPRSI as a whole, determined through an actuarial valuation performed as of that date, was approximately \$961,206,000. MFPRSI's net assets available for benefits on that date valued at market were \$845,418,000, leaving a pension benefit obligation in excess of available assets of \$115,788,000.

Historical trend information showing MFPRSI's progress in accumulating sufficient assets to pay benefits when due is presented in its annual report. MFPRSI does not invest in obligations of the State of Iowa or its political subdivisions.

IPERS

The City of Dubuque is a participating employer in the Iowa Public Employees' Retirement System (IPERS) which is a cost-sharing multiple-employer public employees retirement system designed as a supplement to Social Security.

All employees, with certain exceptions, who do not participate in any other public retirement system in the State are eligible and must participate in IPERS. The pension plan provides retirement and death benefits which are established by State statute. Generally, a member may retire at age 65 or any time after age 62 with 30 years or more of service or when age plus years of service equals or exceeds 92, and receive unreduced (for age) benefits. Members may also retire at the age of 55 or more at reduced benefits. Benefits vest after four years of service or after attaining the age of 55. Full benefits are equal to sixty percent of the average of the highest three years of covered wages times years of service divided by 30.

The plan is administered by the State of Iowa and the City's responsibility is limited to payment of contributions. The contribution rates are actuarially determined, State statute requires contributions of 3.70% by the employee and 5.75% by the employer. These rates are applied on the first \$41,000 of compensation in calendar year 1995 and on the first \$44,000 of compensation in calendar year 1996. The contribution paid by the City for the year ended June 30, 1996, totaled \$657,720 and the contribution paid by employees totaled \$423,228. The total payroll for employees covered by IPERS for the year ended June 30, 1996, was \$11,438,603 and the total City payroll was \$19,508,250. The City's employer and employee contributions during the year ended June 30, 1996, represented .32 percent of total contributions of all participating entities.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess IPERS' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and among employers. IPERS does not make separate measurements of assets and pension benefit obligation for individual employers. At June 30, 1996, the pension benefit obligation for IPERS as a whole, determined through an actuarial valuation performed as of that date, was \$9,000,849,494. IPERS' net assets available for benefits on that date valued at market were \$9,587,104,982 leaving no unfunded pension benefit obligation.

Historical trend information showing IPERS' progress in accumulating sufficient assets to pay benefits when due is presented in its annual report. IPERS does not invest in obligations of the State of Iowa or its political subdivisions.

Note 15. 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, 1996, there were eleven series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$23,677,509.

During 1996 the Iowa Department of Economic Development (IDED) issued a \$5,000,000 loan to a local industry which was passed through the City. The loan is to be repaid to IDED in one lump-sum payment twenty-four months after its issuance. This repayment is also to be passed through the City. Per the loan agreement, the City's liability for repayment of the loan is limited to any amounts collected from the company. The City is not responsible for repayment of the loan should the company default on its payment. Accordingly, no loan receivable or loan payable is reported in the accompanying financial statements.

Note 16. 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 \$479,914 reported as landfill closure and postclosure care liability at June 30, 1996, represents the cumulative amount reported to date based on the use of 100 percent of the capacity of cells 1 and 2 and 50 percent of the estimated capacity of cell 3. The Agency will recognize the remaining estimated cost of closure and postclosure care of \$1,965,018 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 1996. The Agency expects to close cell 3 in 2002 and to close the entire landfill in 2015. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Note 17. Prior Period Adjustments

The beginning fund balance of the General Fund for the year ended June 30, 1996, has been restated to correct the prior allocation of the liability for compensated absences between the General Fund and the General Long-Term Debt Account Group.

Fund balance, July 1, 1995, as previously reported	\$ 4,442,270
Prior period adjustment	<u>716,933</u>
Fund balance, July 1, 1995, as restated	<u>\$ 5,159,203</u>

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, 1996

ASSETS

Cash and pooled cash investments	\$ 6,862,305
Receivables:	
Taxes	75,385
Accounts	389,790
Accrued interest	269,074
Intergovernmental	153,658
Due from other funds	<u>127,742</u>
Total Assets	<u>\$ 7,877,954</u>

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts payable	\$ 105,999
Accrued payroll	421,117
Accrued compensated absences	329,537
Deferred revenue	<u>54,431</u>
Total Liabilities	<u>911,084</u>
Fund Balances:	
Reserved for encumbrances	394,951
Unreserved, undesignated	<u>6,571,919</u>
Total Fund Balances	<u>6,966,870</u>
Total Liabilities and Fund Balances	<u>\$ 7,877,954</u>

CITY OF DUBUQUE, IOWA
GENERAL FUNDStatement of Revenues, Expenditures, and
Changes in Fund Balance

For the fiscal year ended June 30, 1996

Revenues:

Taxes	\$ 8,546,463
Licenses and permits	716,754
Intergovernmental	1,341,838
Charges for services	5,490,619
Fines and forfeits	349,519
Miscellaneous	505,331
Interest	<u>1,088,756</u>

Total Revenues	<u>18,039,280</u>
----------------	-------------------

Expenditures:

Current:

Administration	2,551,070
Protective services	9,222,611
Facilities and environment	2,624,995
Leisure services	<u>4,746,189</u>

Total Expenditures	<u>19,144,865</u>
--------------------	-------------------

Deficiency of Revenues Under Expenditures	<u>(1,105,585)</u>
-------------------------------------------	--------------------

Other Financing Sources (Uses):

Operating transfers in	3,045,273
Operating transfers out	<u>(132,021)</u>

Total Other Financing Sources (Uses)	<u>2,913,252</u>
--------------------------------------	------------------

Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,807,667
--------------------------------------------------------------------------	-----------

Fund Balance, Beginning, as restated	<u>5,159,203</u>
--------------------------------------	------------------

Fund Balance, Ending	<u>\$ 6,966,870</u>
----------------------	---------------------

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.

Trust and Agency 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 the federal government.

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 account for the administration and payment of damage claims against the City.

Sales Tax Fund - This fund is used to account for local option sales tax revenues.

Police and Fire Retirement Fund - This fund is used to account for property tax revenues received and employer contributions made to the Municipal Fire and Police Retirement System of Iowa.

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.



CITY OF DUBUQUE, IOWA
SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 1996

	Road Use Tax	Trust and Agency	Community Development
ASSETS			
Cash and pooled cash investments	\$ 4,194,591	\$ 0	\$ 5,707,282
Receivables:			
Taxes	0	37,877	0
Special assessments	0	0	0
Accrued interest	0	0	386,991
Notes - current	0	0	796,578
Notes - long-term	0	0	10,224,834
Intergovernmental	403,879	0	312,091
Total Assets	<u>\$ 4,598,470</u>	<u>\$ 37,877</u>	<u>\$ 17,427,776</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 47,697	\$ 1,496	\$ 5,000,001
Accrued payroll	26,784	61,712	1,484
Accrued compensated absences	0	0	19,030
Intergovernmental payable	0	0	0
Due to other funds	0	8,524	90,693
Deferred revenue	0	27,349	0
Total Liabilities	<u>74,481</u>	<u>99,081</u>	<u>5,111,208</u>
Fund Balances:			
Reserved for long-term notes receivable	0	0	10,224,834
Reserved for encumbrances	379,185	0	117,793
Unreserved, undesignated	4,144,804	(61,204)	1,973,941
Total Fund Balances	<u>4,523,989</u>	<u>(61,204)</u>	<u>12,316,568</u>
Total Liabilities and Fund Balances	<u>\$ 4,598,470</u>	<u>\$ 37,877</u>	<u>\$ 17,427,776</u>

Section VIII	Tort		Police			
Housing	Liability	Sales Tax	and Fire Retirement	Special Assessments	Total	
\$ 321,676	\$ 78	\$ 1,515,250	\$ 1,492,485	\$ 870,833	\$ 14,102,195	
0	2,657	0	0	0	40,534	
0	0	0	0	371,632	371,632	
0	0	16,217	0	0	403,208	
0	0	0	0	0	796,578	
28,323	0	0	0	0	10,253,157	
20,605	0	1,129,219	0	0	1,865,794	
<u>\$ 370,604</u>	<u>\$ 2,735</u>	<u>\$ 2,660,686</u>	<u>\$ 1,492,485</u>	<u>\$ 1,242,465</u>	<u>\$ 27,833,098</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,049,194	
0	0	0	0	0	89,980	
18,600	0	0	0	0	37,630	
117,734	0	0	0	0	117,734	
0	0	0	0	0	99,217	
0	1,919	0	0	362,433	391,701	
<u>136,334</u>	<u>1,919</u>	<u>0</u>	<u>0</u>	<u>362,433</u>	<u>5,785,456</u>	
28,323	0	0	0	0	10,253,157	
991	0	0	0	0	497,969	
204,956	816	2,660,686	1,492,485	880,032	11,296,516	
<u>234,270</u>	<u>816</u>	<u>2,660,686</u>	<u>1,492,485</u>	<u>880,032</u>	<u>22,047,642</u>	
<u>\$ 370,604</u>	<u>\$ 2,735</u>	<u>\$ 2,660,686</u>	<u>\$ 1,492,485</u>	<u>\$ 1,242,465</u>	<u>\$ 27,833,098</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, 1996

	Road Use Tax	Trust and Agency	Community Development
Revenues:			
Taxes	\$ 0	\$ 3,547,877	\$ 0
Special assessments	0	0	0
Intergovernmental	3,953,688	0	778,859
Miscellaneous	0	0	94,123
Interest	0	0	387,129
Total Revenues	<u>3,953,688</u>	<u>3,547,877</u>	<u>1,260,111</u>
Expenditures:			
Administration	89,719	318,102	276,528
Protective services	539,691	2,439,777	0
Facilities and environment	2,275,837	606,758	1,405,107
Leisure services	0	647,101	114,747
Total Expenditures	<u>2,905,247</u>	<u>4,011,738</u>	<u>1,796,382</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,048,441</u>	<u>(463,861)</u>	<u>(536,271)</u>
Other Financing Sources (Uses):			
Operating transfers in	0	357,242	112,405
Operating transfers out	<u>(331,000)</u>	<u>(292,000)</u>	<u>(188,511)</u>
Total Other Financing Sources (Uses)	<u>(331,000)</u>	<u>65,242</u>	<u>(76,106)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	717,441	(398,619)	(612,377)
Fund Balances, Beginning	<u>3,806,548</u>	<u>337,415</u>	<u>12,928,945</u>
Fund Balances, Ending	<u>\$ 4,523,989</u>	<u>\$ (61,204)</u>	<u>\$ 12,316,568</u>

Section VIII Housing	Tort Liability	Sales Tax	Police and Fire Retirement	Special Assessments	Total
\$ 0	\$ 250,513	\$ 5,318,249	\$ 0	\$ 0	\$ 9,116,639
0	0	0	0	143,948	143,948
3,178,255	0	0	0	0	7,910,802
21,641	0	0	0	0	115,764
1,345	0	107,094	0	40,382	535,950
3,201,241	250,513	5,425,343	0	184,330	17,823,103
0	0	0	0	0	684,349
0	0	0	0	0	2,979,468
3,130,057	0	0	0	0	7,417,759
0	0	0	0	0	761,848
3,130,057	0	0	0	0	11,843,424
71,184	250,513	5,425,343	0	184,330	5,979,679
0	1,952	0	0	0	471,599
0	(251,429)	(5,000,958)	(345,398)	0	(6,409,296)
0	(249,477)	(5,000,958)	(345,398)	0	(5,937,697)
71,184	1,036	424,385	(345,398)	184,330	41,982
163,086	(220)	2,236,301	1,837,883	695,702	22,005,660
\$ 234,270	\$ 816	\$ 2,660,686	\$ 1,492,485	\$ 880,032	\$ 22,047,642

DEBT SERVICE FUNDS

Debt service funds are 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.

Debt Service Fund - This fund is used to account for the receipt of general property taxes used to pay general obligation long-term debt, court judgments, and other related costs.

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

CITY OF DUBUQUE, IOWA
DEBT SERVICE FUNDS

Combining Balance Sheet

June 30, 1996

	Debt Service	Tax Increment	Total
ASSETS			
Cash and pooled cash investments	\$ 395,656	\$ 1,281,976	\$ 1,677,632
Receivables:			
Taxes	31,564	0	31,564
Accrued interest	0	13,928	13,928
Notes - current	50,000	0	50,000
Total Assets	<u>\$ 477,220</u>	<u>\$ 1,295,904</u>	<u>\$ 1,773,124</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Matured interest payable	\$ 300	\$ 0	\$ 300
Deferred revenue	22,790	0	22,790
Total Liabilities	<u>23,090</u>	<u>0</u>	<u>23,090</u>
Fund Balances:			
Reserved for encumbrances	0	57,927	57,927
Reserved for debt service	454,130	1,237,977	1,692,107
Total Fund Balances	<u>454,130</u>	<u>1,295,904</u>	<u>1,750,034</u>
Total Liabilities and Fund Balances	<u>\$ 477,220</u>	<u>\$ 1,295,904</u>	<u>\$ 1,773,124</u>

CITY OF DUBUQUE, IOWA
DEBT SERVICE FUNDS

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

For the fiscal year ended June 30, 1996

	Debt Service	Tax Increment	Total
Revenues:			
Taxes	\$ 3,022,190	\$ 934,382	\$ 3,956,572
Interest	4,811	56,241	61,052
Total Revenues	<u>3,027,001</u>	<u>990,623</u>	<u>4,017,624</u>
Expenditures:			
Current:			
Administration	2,025	15,133	17,158
Debt service:			
Principal retirement	2,410,000	441,150	2,851,150
Interest and fiscal charges	757,101	141,984	899,085
Capital outlay	0	17,174	17,174
Total Expenditures	<u>3,169,126</u>	<u>615,441</u>	<u>3,784,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(142,125)</u>	<u>375,182</u>	<u>233,057</u>
Other Financing Sources (Uses):			
Operating transfers in	105,919	0	105,919
Operating transfers out	(78,630)	(232,754)	(311,384)
Total Other Financing Sources (Uses)	<u>27,289</u>	<u>(232,754)</u>	<u>(205,465)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(114,836)</u>	<u>142,428</u>	<u>27,592</u>
Fund Balances, Beginning	<u>568,966</u>	<u>1,153,476</u>	<u>1,722,442</u>
Fund Balances, Ending	<u>\$ 454,130</u>	<u>\$ 1,295,904</u>	<u>\$ 1,750,034</u>

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.

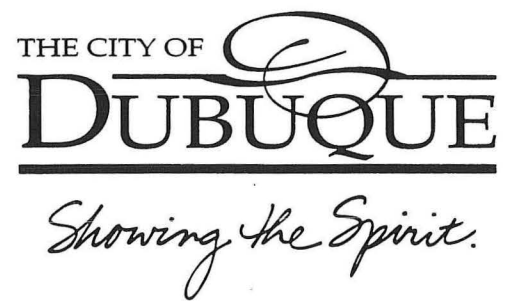
Dog Track Depreciation Fund - This fund is used to account for the resources and costs related to capital improvements and maintenance at the greyhound racing facility.

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

General Obligation Bond Proceeds Fund - This fund is used to account for general obligation bond proceeds prior to their transfer to the respective construction fund.

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 FUND

Combining Balance Sheet

June 30, 1996

	Street Construction	Storm Sewer Construction	Dog Track Depreciation
ASSETS			
Cash and pooled cash investments	\$ 3,271,722	\$ 617,983	\$ 1,048,775
Receivables:			
Accrued interest	35,015	6,614	11,224
Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 3,306,737</u>	<u>\$ 624,597</u>	<u>\$ 1,059,999</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>\$ 312,323</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Reserved for encumbrances	1,239,805	15,800	0
Reserved for dog track	0	0	1,059,999
Unreserved, undesignated	<u>1,754,609</u>	<u>608,797</u>	<u>0</u>
Total Fund Balances	<u>2,994,414</u>	<u>624,597</u>	<u>1,059,999</u>
Total Liabilities and Fund Balances	<u>\$ 3,306,737</u>	<u>\$ 624,597</u>	<u>\$ 1,059,999</u>

General Construction	General Obligation Bond Proceeds	Airport Construction	Sales Tax Construction	Total
\$ 1,300,632	\$ 899,086	\$ 364,444	\$ 1,974,423	\$ 9,477,065
898	0	3,901	21,131	78,783
0	0	757,883	0	757,883
<u>\$ 1,301,530</u>	<u>\$ 899,086</u>	<u>\$ 1,126,228</u>	<u>\$ 1,995,554</u>	<u>\$ 10,313,731</u>

\$ 0	\$ 0	\$ 622,829	\$ 74,535	\$ 1,009,687
120	0	15,541	400,044	1,671,310
0	0	0	0	1,059,999
<u>1,301,410</u>	<u>899,086</u>	<u>487,858</u>	<u>1,520,975</u>	<u>6,572,735</u>
<u>1,301,530</u>	<u>899,086</u>	<u>503,399</u>	<u>1,921,019</u>	<u>9,304,044</u>
<u>\$ 1,301,530</u>	<u>\$ 899,086</u>	<u>\$ 1,126,228</u>	<u>\$ 1,995,554</u>	<u>\$ 10,313,731</u>

CITY OF DUBUQUE, IOWA
CAPITAL PROJECTS FUNDS

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

For the fiscal year ended June 30, 1996

	Street Construction	Storm Sewer Construction	Dog Track Depreciation
Revenues:			
Intergovernmental	\$ 0	\$ 0	\$ 0
Miscellaneous	14,101	0	80,732
Racing Association	0	0	120,000
Passenger facility charges	0	0	0
Interest	129,643	33,224	51,060
Total Revenues	143,744	33,224	251,792
Expenditures:			
Capital outlay	4,378,157	149,493	62,362
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,234,413)	(116,269)	189,430
Other Financing Sources (Uses):			
Proceeds from long-term debt	0		0
Operating transfers in	4,273,442	437,226	0
Operating transfers out	0	0	0
Total Other Financing Sources (Uses)	4,273,442	437,226	0
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	39,029	320,957	189,430
Fund Balances, Beginning	2,955,385	303,640	870,569
Fund Balances, Ending	<u>\$ 2,994,414</u>	<u>\$ 624,597</u>	<u>\$ 1,059,999</u>

General Construction	General Obligation Bond Proceeds	Airport Construction	Sales Tax Construction	Total
\$ 0	\$ 0	\$ 1,933,677	\$ 0	\$ 1,933,677
30,578	0	0	0	125,411
15,000	0	0	0	135,000
0	0	96,739	0	96,739
4,113	0	8,236	100,405	326,681
49,691	0	2,038,652	100,405	2,617,508
69,460	32,189	2,045,834	966,529	7,704,024
(19,769)	(32,189)	(7,182)	(866,124)	(5,086,516)
	2,000,000	0	0	2,000,000
269,655	0	287,441	1,067,130	6,334,894
0	(3,273,609)	0	(127,500)	3,401,109
269,655	(1,273,609)	287,441	939,630	4,933,785
249,886	(1,305,798)	280,259	73,506	(152,731)
1,051,644	2,204,884	223,140	1,847,513	9,456,775
<u>\$ 1,301,530</u>	<u>\$ 899,086</u>	<u>\$ 503,399</u>	<u>\$ 1,921,019</u>	<u>\$ 9,304,044</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.

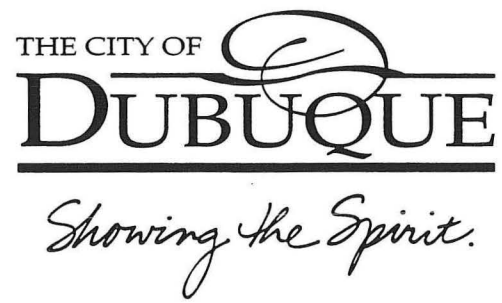
Sewage Disposal Works Fund - This fund is used to account for the operations of the City's sewage disposal works and services.

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.



CITY OF DUBUQUE, IOWA
ENTERPRISE FUNDS

Combining Balance Sheet

June 30, 1996

	Sewage Disposal Works	Water Utility
ASSETS		
Current Assets:		
Cash and pooled cash investments	\$ 5,890,078	\$ 1,913,573
Receivables:		
Property taxes	0	0
Accounts	489,381	444,294
Accrued interest	63,037	25,415
Intergovernmental	0	0
Inventory	0	236,311
Prepaid items	5,037	0
Total Current Assets	<u>6,447,533</u>	<u>2,619,593</u>
Restricted Assets:		
Cash and pooled cash investments	0	461,250
Accrued interest receivable	0	0
Total Restricted Assets	<u>0</u>	<u>461,250</u>
Deferred Charges	<u>0</u>	<u>0</u>
Fixed Assets:		
Land	60,440	144,066
Buildings and improvements	22,400,143	5,792,403
Improvements other than buildings	13,821,277	0
Machinery and equipment	1,692,388	22,902,501
Construction in progress	10,906,982	252,513
Accumulated depreciation	<u>(26,091,640)</u>	<u>(11,117,244)</u>
Net Fixed Assets	<u>22,789,590</u>	<u>17,974,239</u>
 Total Assets	 <u>\$ 29,237,123</u>	 <u>\$ 21,055,082</u>

<u>Parking Facilities</u>	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total</u>
316,074	\$ 1,867,121	\$ 594,100	\$ 10,580,946
0	0	6,113	6,113
5,174	201,837	324	1,141,010
3,706	0	0	92,158
0	0	2,169	2,169
0	0	6,720	243,031
0	0	0	5,037
<u>324,954</u>	<u>2,068,958</u>	<u>609,426</u>	<u>12,070,464</u>
626,198	0	0	1,087,448
6,378	0	0	6,378
<u>632,576</u>	<u>0</u>	<u>0</u>	<u>1,093,826</u>
<u>16,550</u>	<u>0</u>	<u>0</u>	<u>16,550</u>
911,015	0	36,000	1,151,521
8,719,538	0	1,907,968	38,820,052
0	0	0	13,821,277
459,570	965,000	2,499,406	28,518,865
104,032	0	0	11,263,527
<u>(3,281,260)</u>	<u>(657,520)</u>	<u>(2,230,913)</u>	<u>(43,378,577)</u>
<u>6,912,895</u>	<u>307,480</u>	<u>2,212,461</u>	<u>50,196,665</u>

\$ 7,886,975 \$ 2,376,438 \$ 2,821,887 \$ 63,377,505
 (continued)

CITY OF DUBUQUE, IOWA
ENTERPRISE FUNDS

Combining Balance Sheet

June 30, 1996

	Sewage Disposal Works	Water Utility
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 90,954	\$ 13,093
Accrued payroll	30,496	39,273
General obligation bonds payable - current	140,000	50,000
Revenue bonds payable - current	0	0
Accrued compensated absences	86,489	73,011
Due to component unit	0	0
Total Current Liabilities	347,939	175,377
Current Liabilities Payable from Restricted Assets:		
Revenue bonds payable	0	450,000
Accrued interest payable	0	11,250
Total Current Liabilities Payable from Restricted Assets	0	461,250
Noncurrent Liabilities:		
General obligation bonds payable	1,020,000	400,000
Revenue bonds payable	0	0
Total Noncurrent Liabilities	1,020,000	400,000
Total Liabilities	1,367,939	1,036,627
Equity:		
Contributed Capital:		
Government	3,430,836	0
Intergovernmental	11,943,895	0
Developers and users	9,460,709	2,287,598
Total Contributed Capital	24,835,440	2,287,598
Retained Earnings:		
Reserved by bond ordinance	0	461,250
Unreserved	3,033,744	17,269,607
Total Retained Earnings	3,033,744	17,730,857
Total Equity	27,869,184	20,018,455
Total Liabilities and Equity	\$ 29,237,123	\$ 21,055,082

<u>Parking Facilities</u>	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total</u>
\$ 17,224	\$ 508	\$ 30,153	\$ 151,932
9,025	19,574	18,339	116,707
0	0	0	190,000
110,000	0	0	110,000
31,749	39,818	42,177	273,244
0	47,488	0	47,488
<u>167,998</u>	<u>107,388</u>	<u>90,669</u>	<u>889,371</u>
0	0	0	450,000
31,604	0	0	42,854
<u>31,604</u>	<u>0</u>	<u>0</u>	<u>492,854</u>
0	0	0	1,420,000
2,414,190	0	0	2,414,190
<u>2,414,190</u>	<u>0</u>	<u>0</u>	<u>3,834,190</u>
<u>2,613,792</u>	<u>107,388</u>	<u>90,669</u>	<u>5,216,415</u>
0	61,704	1,400,280	4,892,820
0	274,650	4,078,946	16,297,491
0	0	0	11,748,307
<u>0</u>	<u>336,354</u>	<u>5,479,226</u>	<u>32,938,618</u>
632,576	0	0	1,093,826
4,640,607	1,932,696	(2,748,008)	24,128,646
<u>5,273,183</u>	<u>1,932,696</u>	<u>(2,748,008)</u>	<u>25,222,472</u>
<u>5,273,183</u>	<u>2,269,050</u>	<u>2,731,218</u>	<u>58,161,090</u>
<u>\$ 7,886,975</u>	<u>\$ 2,376,438</u>	<u>\$ 2,821,887</u>	<u>\$ 63,377,505</u>

CITY OF DUBUQUE, IOWA
ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses,
and Changes in Retained Earnings

For the fiscal year ended June 30, 1996

	Sewage Disposal Works	Water Utility
Operating Revenues:		
Charges for sales and services	\$ 4,464,335	\$ 3,592,001
Other	<u>161,696</u>	<u>241,148</u>
Total Operating Revenues	<u>4,626,031</u>	<u>3,833,149</u>
Operating Expenses:		
Employee expense	1,252,879	1,336,823
Utilities	431,388	365,896
Repairs and maintenance	258,516	117,923
Supplies and services	966,961	1,034,494
Insurance	86,468	54,272
Depreciation	<u>418,133</u>	<u>736,494</u>
Total Operating Expenses	<u>3,414,345</u>	<u>3,645,902</u>
Operating Income (Loss)	<u>1,211,686</u>	<u>187,247</u>
Nonoperating Revenues (Expenses):		
Interest revenue	311,803	120,115
Interest expense	(60,842)	(46,402)
Operating grants	0	0
Taxes	0	0
Gain (loss) on disposal of assets	(7,622)	(18,152)
Bond issuance costs	<u>0</u>	<u>0</u>
Total Nonoperating Revenues (Expenses)	<u>243,339</u>	<u>55,561</u>
Income (Loss) Before Operating Transfers	<u>1,455,025</u>	<u>242,808</u>
Operating Transfers:		
Operating transfers in	0	188,600
Operating transfers out	<u>(118,600)</u>	<u>0</u>
Total Operating Transfers	<u>(118,600)</u>	<u>188,600</u>
Net Income (Loss)	1,336,425	431,408
Retained Earnings, Beginning	<u>1,697,319</u>	<u>17,299,449</u>
Retained Earnings, Ending	<u>\$ 3,033,744</u>	<u>\$ 17,730,857</u>

Parking Facilities	Refuse Collection	Transit System	Total
\$ 1,082,332	\$ 1,919,282	\$ 197,947	\$ 11,255,897
4,779	3,748	24,488	435,859
1,087,111	1,923,030	222,435	11,691,756
389,670	791,748	753,532	4,524,652
48,166	326	40,644	886,420
22,073	733,162	90,393	1,222,067
154,491	64,272	272,704	2,492,922
16,732	26,703	94,065	278,240
267,349	121,684	210,769	1,754,429
898,481	1,737,895	1,462,107	11,158,730
188,630	185,135	(1,239,672)	533,026
64,696	0	0	496,614
(198,453)	0	0	(305,697)
0	0	455,855	455,855
0	0	572,999	572,999
0	0	487	(25,287)
(1,193)	0	0	(1,193)
(134,950)	0	1,029,341	1,193,291
53,680	185,135	(210,331)	1,726,317
0	0	4,125	192,725
0	(70,000)	0	(188,600)
0	(70,000)	4,125	4,125
53,680	115,135	(206,206)	1,730,442
5,219,503	1,817,561	(2,541,802)	23,492,030
\$ 5,273,183	\$ 1,932,696	\$ (2,748,008)	\$ 25,222,472

CITY OF DUBUQUE, IOWA
ENTERPRISE FUNDS

Combining Statement of Cash Flows

For the fiscal year ended June 30, 1996

	<u>Sewage Disposal Works</u>	<u>Water Utility</u>
Cash Flows from Operating Activities:		
Operating income (loss)	\$ 1,211,686	\$ 187,247
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	418,133	736,494
Operating grants received	0	0
Changes in assets and liabilities:		
Decrease in accounts receivable	34,939	106,647
(Increase) in intergovernmental receivable	0	0
(Increase) in inventory	0	(37,155)
Increase (decrease) in accounts payable	(421,340)	(47,300)
Increase (decrease) in accrued payroll	(15,645)	(353)
Increase (decrease) in accrued compensated absences	(17,459)	437
(Decrease) in due to other funds	0	0
(Decrease) in due to component unit	0	0
(Decrease) in accounts payable from restricted assets	0	(98,728)
Net cash provided (used) by operating activities	<u>1,210,314</u>	<u>847,289</u>
Cash Flows from Noncapital Financing Activities:		
Property taxes received	0	0
Operating transfers in	0	188,600
Operating transfers out	(118,600)	0
Net cash provided (used) by noncapital financing activities	<u>(118,600)</u>	<u>188,600</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of fixed assets	(897,518)	(678,039)
Proceeds from sale of fixed assets	0	0
Principal paid on bonds	(140,000)	(450,000)
Interest paid on bonds	(62,146)	(56,402)
Capital contributed by intergovernmental	0	0
Net cash provided (used) by capital and related financing activities	<u>(1,099,664)</u>	<u>(1,184,441)</u>

EXHIBIT E-3

<u>Parking Facilities</u>	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total</u>
\$ 188,630	\$ 185,135	\$ (1,239,672)	\$ 533,026
267,349	121,684	210,769	1,754,429
0	0	455,855	455,855
1,275	41,442	345	184,648
0	0	(450)	(450)
0	0	(2,202)	(39,357)
15,133	(98,919)	7,231	545,195
(3,149)	323	(2,793)	(21,617)
6,523	(10,375)	(1,739)	(22,613)
(213,711)	0	0	(213,711)
0	(10,533)	0	(10,533)
0	0	0	(98,728)
<u>262,050</u>	<u>228,757</u>	<u>(572,656)</u>	<u>1,975,754</u>
0	0	576,598	576,598
0	0	4,125	192,725
0	(70,000)	0	(188,600)
0	(70,000)	580,723	580,723
(285,626)	(121,690)	(2,986)	(1,985,859)
0	0	3,000	3,000
(103,500)	0	0	(693,500)
(199,929)	0	0	(318,477)
0	0	2,388	2,388
<u>(589,055)</u>	<u>(121,690)</u>	<u>2,402</u>	<u>(2,992,448)</u>

(continued)

CITY OF DUBUQUE, IOWA
ENTERPRISE FUNDS

Combining Statement of Cash Flows

For the fiscal year ended June 30, 1996

	<u>Sewage Disposal Works</u>	<u>Water Utility</u>
Cash Flows from Investing Activities:		
Interest on cash and pooled cash investments	\$ 314,921	\$ 122,437
Net increase (decrease) in cash and cash equivalents	306,971	(26,115)
Cash and cash equivalents at beginning of year	<u>5,583,107</u>	<u>2,400,938</u>
Cash and cash equivalents at end of year	<u>\$ 5,890,078</u>	<u>\$ 2,374,823</u>
Noncash Investing, Capital, and Financing Activities:		
Contributions of fixed assets from developers and users	\$ 393,161	\$ 45,750

EXHIBIT E-3
(continued)

<u>Parking Facilities</u>	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total</u>
\$ <u>66,072</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>503,430</u>
(260,933)	37,067	10,469	67,459
<u>1,203,205</u>	<u>1,830,054</u>	<u>583,631</u>	<u>11,600,935</u>
<u>\$ 942,272</u>	<u>\$ 1,867,121</u>	<u>\$ 594,100</u>	<u>\$ 11,668,394</u>
\$ 0	\$ 0	\$ 0	

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 Statement of Cash Flows

For the fiscal year ended June 30, 1996

	<u>General Service</u>	<u>Garage Service</u>
Cash Flows from Operating Activities:		
Operating income (loss)	\$ 3,243	\$(38,609)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	0	10,730
Changes in assets and liabilities:		
Decrease in inventory	0	2,440
Increase (decrease) in accounts payable	0	(1,299)
Increase (decrease) in accrued payroll	(3,243)	4,829
Increase (decrease) in due to other funds	<u>0</u>	<u>23,591</u>
Net cash provided (used) by operating activities	<u>0</u>	<u>1,682</u>
Cash Flows from Noncapital Financing Activities:		
Operating transfers in	<u>0</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of fixed assets	<u>0</u>	<u>(6,671)</u>
Cash Flows from Investing Activities:		
Interest on cash and pooled cash investments	<u>0</u>	<u>0</u>
Net increase (decrease) in cash and cash equivalents	0	(4,989)
Cash and cash equivalents at beginning of year	<u>0</u>	<u>4,989</u>
Cash and cash equivalents at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

EXHIBIT F-3

<u>Stores/ Printing</u>	<u>Health Insurance Reserve</u>	<u>Workers Compensation Reserve</u>	<u>Total</u>
\$ 3,771	\$ 45,752	\$ (39,694)	\$ (25,537)
0	0	0	10,730
1,662	0	0	4,102
0 (288,104)	67,874	(221,529)	
0	0	0	1,586
(5,433)	0	0	18,158
0	(242,352)	28,180	(212,490)
0	0	292,000	292,000
0	0	0	(6,671)
0	78,236	19,407	97,643
0 (164,116)	339,587	170,482	
0	1,541,644	381,092	1,927,725
<u>\$ 0</u>	<u>\$ 1,377,528</u>	<u>\$ 720,679</u>	<u>\$ 2,098,207</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

Deferred Compensation Fund - This fund is used to account for the accumulation and disbursement of deferred wages under a deferred compensation plan between the City of Dubuque and the International City Management Association Retirement Corporation.

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.

THE CITY OF
DUBUQUE

Showing the Spirit.

CITY OF DUBUQUE, IOWA
TRUST AND AGENCY FUNDS

Combining Balance Sheet

June 30, 1996

	Expendable Trust	Nonexpendable Trust
ASSETS		
Cash and pooled cash investments	\$ 677,989	\$ 81,599
Investments	0	0
Receivables:		
Accounts	16,201	0
Accrued interest	0	874
Restricted assets:		
Cash and pooled cash investments	52,312	0
Total Assets	<u>\$ 746,502</u>	<u>\$ 82,473</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 2,082	\$ 484
Accrued compensated absences	9,013	0
Due to employees	0	0
Deferred revenue	288,000	0
Total Liabilities	<u>299,095</u>	<u>484</u>
Fund Balances:		
Reserved for encumbrances	7,269	0
Reserved by franchise agreement	81,872	0
Reserved for endowments	0	81,989
Unreserved, undesignated	358,266	0
Total Fund Balances	<u>447,407</u>	<u>81,989</u>
Total Liabilities and Fund Balances	<u>\$ 746,502</u>	<u>\$ 82,473</u>

<u>Agency</u>	<u>Totals</u>
\$ 0	\$ 759,588
6,951,505	6,951,505
0	16,201
0	874
<u>9,830</u>	<u>62,142</u>
<u>\$ 6,961,335</u>	<u>\$ 7,790,310</u>

\$ 0	\$ 2,566
0	9,013
6,961,335	6,961,335
<u>0</u>	<u>288,000</u>
<u>6,961,335</u>	<u>7,260,914</u>
0	7,269
0	81,872
0	81,989
<u>0</u>	<u>358,266</u>
<u>0</u>	<u>529,396</u>
<u>\$ 6,961,335</u>	<u>\$ 7,790,310</u>

CITY OF DUBUQUE, IOWA
EXPENDABLE TRUST FUNDS

Combining Balance Sheet

June 30, 1996

	Cable TV	Respiratory Disease Trust	Total
ASSETS			
Cash and pooled cash investments	\$ 673,573	\$ 4,416	\$ 677,989
Accounts receivable	16,201	0	16,201
Restricted assets:			
Cash and pooled cash investments	52,312	0	52,312
Total Assets	<u>\$ 742,086</u>	<u>\$ 4,416</u>	<u>\$ 746,502</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,082	\$ 0	\$ 2,082
Accrued compensated absences	9,013	0	9,013
Deferred revenue	288,000	0	288,000
Total Liabilities	<u>299,095</u>	<u>0</u>	<u>299,095</u>
Fund Balances:			
Reserved by franchise agreement	52,312	0	52,312
Unreserved, undesignated	390,679	4,416	395,095
Total Fund Balances	<u>442,991</u>	<u>4,416</u>	<u>447,407</u>
Total Liabilities and Fund Balances	<u>\$ 742,086</u>	<u>\$ 4,416</u>	<u>\$ 746,502</u>

CITY OF DUBUQUE, IOWA
EXPENDABLE TRUST FUNDS

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

For the fiscal year ended June 30, 1996

	Cable TV	Respiratory Disease Trust	Total
Revenues:			
Franchise fees	\$ 346,761	\$ 0	\$ 346,761
Miscellaneous	34	0	34
Total Revenues	346,795	0	346,795
Expenditures:			
Administration	176,461	0	176,461
Protective services	209,465	0	209,465
Non-program	0	177	177
Total Expenditures	385,926	177	386,103
Deficiency of Revenues Under Expenditures	(39,131)	(177)	(39,308)
Fund Balances, Beginning	482,122	4,593	486,715
Fund Balances, Ending	\$ 442,991	\$ 4,416	\$ 447,407

CITY OF DUBUQUE, IOWA
NONEXPENDABLE TRUST FUNDS

Combining Balance Sheet

June 30, 1996

	Ella Lyons Peony Trail Trust	Library Gifts Trust	Total
ASSETS			
Cash and pooled cash investments	\$ 20,081	\$ 61,518	\$ 81,599
Accrued interest receivable	216	658	874
Total Assets	<u>\$ 20,297</u>	<u>\$ 62,176</u>	<u>\$ 82,473</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 0	\$ 484	\$ 484
Fund Balances:			
Reserved for endowments	<u>20,297</u>	<u>61,692</u>	<u>81,989</u>
Total Liabilities and Fund Balances	<u>\$ 20,297</u>	<u>\$ 62,176</u>	<u>\$ 82,473</u>

CITY OF DUBUQUE, IOWA
NONEXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenses, and
Changes in Fund Balances

	Ella Lyons Peony Trail Trust	Library Gifts Trust	Total
Operating Revenues:			
Miscellaneous	\$ 0	\$ 3,792	\$ 3,792
Investment earnings	<u>2,197</u>	<u>3,269</u>	<u>5,466</u>
Total Operating Revenues	2,197	7,061	9,258
Operating Expenses:			
Supplies and services	<u>2,068</u>	<u>9,073</u>	<u>11,141</u>
Net Income (Loss)	129	(2,012)	(1,883)
Fund Balances, Beginning	<u>20,168</u>	<u>63,704</u>	<u>83,872</u>
Fund Balances, Ending	<u>\$ 20,297</u>	<u>\$ 61,692</u>	<u>\$ 81,989</u>

CITY OF DUBUQUE, IOWA
NONEXPENDABLE TRUST FUNDS

EXHIBIT G-6

Combining Statement of Cash Flows

For the fiscal year ended June 30, 1996

	Ella Lyons Peony Trail Trust	Library Gifts Trust	Total
Cash Flows from Operating Activities:			
Operating income (loss)	\$ 129	\$(2,012)	\$(1,883)
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities:			
Investment earnings	(2,197)	(3,269)	(5,466)
Changes in assets and liabilities:			
Increase in accounts payable	<u>0</u>	<u>484</u>	<u>484</u>
Net cash (used) by operating activities	(2,068)	(4,797)	(6,865)
Cash Flows from Investing Activities:			
Interest on cash and pooled cash investments	<u>1,981</u>	<u>3,347</u>	<u>5,328</u>
Net (decrease) in cash and cash equivalents	(87)	(1,450)	(1,537)
Cash and cash equivalents at beginning of year	<u>20,168</u>	<u>62,968</u>	<u>83,136</u>
Cash and cash equivalents at end of year	<u>\$ 20,081</u>	<u>\$ 61,518</u>	<u>\$ 81,599</u>

CITY OF DUBUQUE, IOWA
ALL AGENCY FUNDS

EXHIBIT G-7

Combining Statement of Changes in Assets and Liabilities

For the fiscal year ended June 30, 1996

	Balance July 1 1995	Net Additions	Net Deductions	Balance June 30 1996
<u>Deferred Compensation</u>				
ASSETS				
Investments	\$ 5,816,043	\$ 1,340,859	\$ 205,397	\$ 6,951,505
LIABILITIES				
Due to employees	\$ 5,816,043	\$ 1,340,859	\$ 205,397	\$ 6,951,505
 <u>Flexible Spending</u>				
Restricted cash and pooled cash investments	\$ 0	\$ 89,286	\$ 79,456	\$ 9,830
Due to employees	\$ 0	\$ 89,286	\$ 79,456	\$ 9,830
 <u>Totals</u>				
ASSETS				
Investments	\$ 5,816,043	\$ 1,340,859	\$ 205,397	\$ 6,951,505
Restricted cash and pooled cash investments	0	89,286	79,456	9,830
Total assets	\$ 5,816,043	\$ 1,430,145	\$ 284,853	\$ 6,961,335
LIABILITIES				
Due to employees	\$ 5,816,043	\$ 1,430,145	\$ 284,853	\$ 6,961,335

**GENERAL FIXED ASSETS
ACCOUNT GROUP**

Comparative Schedules of General Fixed Assets by Source

June 30, 1996

General Fixed Assets:

Land	\$ 9,187,932
Buildings and improvements	35,790,981
Improvements other than buildings	4,617,891
Machinery and equipment	12,423,509
Construction in progress	<u>1,275,471</u>

Total General Fixed Assets

\$63,295,784

Investment in General Fixed Assets by Source:

Investments in property acquired prior to July 1, 1983	\$ 1,440,960*
General fund	22,208,622
Special revenue funds	2,771,501
Capital projects funds	34,412,771
Donations	<u>2,461,930</u>

Total Investment in General Fixed Assets

\$63,295,784

* It is impossible to determine the sources 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, 1995

<u>Program and Department</u>	<u>Land</u>	<u>Buildings and Improvements</u>
Administration:		
City Manager	\$ 0	\$ 0
City Clerk	0	0
Finance	0	0
Legal	0	0
Information Services	0	0
Dog Track	0	9,070,894
Cable TV	0	0
City Council	0	0
Other - Unclassified	<u>3,559,675</u>	<u>4,418,364</u>
Total Administration	<u>3,559,675</u>	<u>13,489,258</u>
Protective Services:		
Police	23,860	238,036
Joint Communications	0	0
Fire	161,100	2,107,623
Disaster Services	0	0
Human Rights	<u>0</u>	<u>0</u>
Total Protective Services	<u>184,960</u>	<u>2,345,659</u>
Facilities and Environment:		
Airport	104,661	3,384,741
Engineering	0	0
Streets and Sewers	131,030	795,668
Community Development	0	0
Housing Services	0	0
Planning Services	0	0
Building Services	65,510	1,902,424
Health Services	<u>0</u>	<u>0</u>
Total Facilities and Environment	<u>301,201</u>	<u>6,082,833</u>
Leisure Services:		
Park	3,647,620	2,337,602
Civic Center	172,246	4,416,123
Recreation	1,335,160	3,788,962
Library	<u>66,960</u>	<u>3,149,460</u>
Total Leisure Services	<u>5,221,986</u>	<u>13,692,147</u>
Construction in Progress	<u>0</u>	<u>0</u>
Total General Fixed Assets	<u>\$ 9,267,822</u>	<u>\$ 35,609,897</u>

EXHIBIT H-2

<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 0	\$ 101,683	\$ 0	\$ 101,683
0	11,558	0	11,558
0	243,837	0	243,837
0	15,751	0	15,751
0	116,871	0	116,871
1,073,877	0	0	10,144,771
0	296,897	0	296,897
0	1,240	0	1,240
0	0	0	7,978,039
<u>1,073,877</u>	<u>787,837</u>	<u>0</u>	<u>18,910,647</u>
0	1,006,462	0	1,268,358
0	172,744	0	172,744
0	1,833,882	0	4,103,818
0	103,545	0	103,545
0	22,597	0	22,597
<u>0</u>	<u>3,139,230</u>	<u>0</u>	<u>5,671,062</u>
1,821,862	1,366,782	0	6,933,220
0	323,357	0	323,357
17,135	2,740,623	0	3,684,456
136,561	34,537	0	171,098
0	257,314	0	257,314
0	50,051	0	50,051
0	90,911	0	2,058,845
0	78,635	0	78,635
<u>1,975,558</u>	<u>4,942,210</u>	<u>0</u>	<u>13,556,976</u>
1,322,587	1,068,417	0	8,216,336
43,573	1,019,269	0	5,655,526
202,296	300,159	0	5,626,959
0	1,166,387	0	4,382,807
<u>1,568,456</u>	<u>3,554,232</u>	<u>0</u>	<u>23,881,628</u>
<u>0</u>	<u>0</u>	<u>1,275,471</u>	<u>1,275,471</u>
<u>\$ 4,617,891</u>	<u>\$ 12,423,509</u>	<u>\$ 1,275,471</u>	<u>\$ 63,295,784</u>

Schedule of Changes in General Fixed Assets - By Program and Department

For the fiscal year ended June 30, 1995

Program and Department	General Fixed Assets July 1 1994	Additions	Deductions	General Fixed Assets June 30 1995
Administration:				
City Manager	\$ 86,565	\$ 11,089	\$ 0	\$ 97,654
City Clerk	6,969	549	0	7,518
Finance	107,292	14,443	(14,242)	107,493
Legal	11,685	2,173	0	13,858
Information Services	308,787	94,420	(4,445)	398,762
Dog Track	10,144,771	0	0	10,144,771
Cable TV	245,966	23,163	(720)	268,409
City Council	1,760	0	0	1,760
Other - Unclassified	7,978,039	0	0	7,978,039
Total Administration	18,891,834	145,837	(19,407)	19,018,264
Protective Services:				
Police	1,028,786	380,196	(192,575)	1,216,407
Joint Communications	164,615	1,611	0	166,226
Fire	3,584,244	470,351	(19,896)	4,034,699
Disaster Services	79,824	0	0	79,824
Human Rights	15,793	3,414	0	19,207
Total Protective Services	4,873,262	855,572	(212,471)	5,516,363
Facilities and Environment:				
Airport	6,556,035	559,339	(185,636)	6,929,738
Engineering	248,705	96,021	(47,192)	297,534
Streets and Sewers	3,592,433	216,714	(174,875)	3,634,272
Community Development	160,736	11,131	0	171,867
Housing Services	171,447	88,029	(10,735)	248,741
Planning Services	36,816	350	0	37,166
Building Services	2,046,807	0	0	2,046,807
Health Services	42,673	34,770	(9,265)	68,178
Total Facilities and Environment	12,855,652	1,006,354	(427,703)	13,434,303
Leisure Services:				
Park	8,163,515	111,951	(25,052)	8,250,414
Civic Center	5,521,396	99,102	(5,574)	5,614,924
Recreation	5,567,093	19,725	(5,072)	5,581,746
Library	4,327,730	52,179	(3,195)	4,376,714
Total Leisure Services	23,579,734	282,957	(38,893)	23,823,798
Construction in Progress	369,570	1,326,807	(369,570)	1,326,807
Total General Fixed Assets	\$ 60,570,052	\$ 3,617,527	\$ (1,068,044)	\$ 63,119,535

**INFORMATION PROVIDED TO COMPLY
WITH OMB CIRCULAR A-128**



Charles Bailly & Company P.L.L.P.

Certified Public Accountants • Consultants

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL
AND OTHER FINANCIAL ASSISTANCE

To the Honorable Mayor and Members of the City Council:

We have audited the general purpose financial statements of the City of Dubuque, Iowa, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 25, 1996. These general purpose financial statements are the responsibility of the City of Dubuque, Iowa's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Chapter 11 of the Code of Iowa; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City of Dubuque, Iowa, taken as a whole. The accompanying Schedule of Federal and Other Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Charles Bailly & Company P.L.L.P.

Dubuque, Iowa
November 25, 1996

CITY OF DUBUQUE, IOWA

Schedule of Federal and Other Financial Assistance

For the fiscal year ended June 30, 1996

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program Expenditures</u>
<u>Federal Financial Assistance</u>			
Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant*	14.218	B-9-MC-19-0004	\$ 1,492,860
CDBG - Disaster Recovery Funds*	14.218	B-9-MF-19-0004	54,356
Type I Fair Housing Assistance Program	14.401	FF207K947006	5,969
Type I Fair Housing Assistance Program	14.401	FF207K957006	27,520
Section VIII - Voucher Program*	14.855	KC-9004V	626,519
Section VIII - Moderate Rehab*	14.856	KC-9004MR	876,628
Section VIII - Certificate Program*	14.857	KC-9004E	1,659,281
Indirect Program - Passed Through State of Iowa:			
HOME Investment Partnership Program	14.239	M9SG190103100	<u>112,903</u>
Total Department of Housing and Urban Development			<u>4,856,036</u>
Department of Justice			
Indirect Program - Passed Through Dubuque County, Iowa:			
Drug Control and System Improvement	16.579	95-0228	<u>4,394</u>
Department of Transportation			
Direct Programs:			
Airport Improvement Programs*	20.106	3-19-0028-09	141,681
Airport Improvement Programs*	20.106	3-19-0028-10	13,564
Airport Improvement Programs*	20.106	3-19-0028-11	22,967
Airport Improvement Programs*	20.106	3-19-0028-15	92,610
Airport Improvement Programs*	20.106	3-19-0028-16	1,652,653
Federal Transit Administration-Planning*	20.507	IA-90-X182	77,791
Federal Transit Administration-Operating*	20.507	IA-90-X182	268,916
Federal Transit Administration-Capital*	20.507	IA-90-X182	2,388
Indirect Programs - Passed Through State of Iowa:			
State and Community Highway Safety	20.600	96/96-11, Task 13	4,482
State and Community Highway Safety	20.600	95/96-04, Task 05	1,497
State and Community Highway Safety	20.600	95HLT-04, Task G1	6,755
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	96-410, Task 18	<u>7,979</u>
Total Department of Transportation			<u>2,293,283</u>
Federal Emergency Management Agency:			
Indirect Program - Passed Through State of Iowa:			
Disaster Assistance	83.516	DRIA996	<u>191,197</u>

(continued)

Schedule of Federal and Other Financial Assistance

For the fiscal year ended June 30, 1996

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program Expenditures</u>
Department of Health and Human Services:			
Indirect Programs - Passed Through State of Iowa:			
AIDS Coalition	93.118	5886AP21	\$ 1,883
Childhood Lead Poisoning Prevention	93.197	5884LP04	4,040
AIDS Preventive Health	93.991	5886AS05	5,780
AIDS Preventive Health	93.991	5885AS05	1,855
Community-Based Health Promotion	93.991	5885RR16	<u>279</u>
Total Department of Health and Human Services			<u>13,837</u>
Total Federal Financial Assistance			<u>\$ 7,358,747</u>
<u>Other Financial Assistance</u>			
Iowa Department of Transportation State Transit Assistance - Operating		01806	<u>\$ 109,148</u>

* This program is considered a major Federal financial assistance program under the provisions of the Single Audit Act of 1984.



Charles Bailly & Company P.L.L.P.

Certified Public Accountants • Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Honorable Mayor and Members of the City Council:

We have audited the general purpose financial statements of the City of Dubuque, Iowa, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 25, 1996.

We have applied procedures to test the City of Dubuque, Iowa's, compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal and Other Financial Assistance, for the year ended June 30, 1996:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Relocation assistance and real property acquisition
- Federal financial reports
- Allowable costs/cost principles
- Drug-free Workplace Act
- Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Dubuque, Iowa's, compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Dubuque, Iowa, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Honorable Mayor, City Council, management, and officials of applicable federal and state grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Charles Bailly & Company P.L.L.P.

Dubuque, Iowa
November 25, 1996



Charles Bailly & Company P.L.L.P.

Certified Public Accountants • Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAMS

To the Honorable Mayor and Members of the City Council:

We have audited the general purpose financial statements of the City of Dubuque, Iowa, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 25, 1996.

We have also audited the City of Dubuque, Iowa's, compliance with the requirements governing types of services allowed or unallowed; eligibility; matching and level of effort, and/or earmarking requirements; special reporting requirements; special tests and provisions; monitoring subrecipients; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal and Other Financial Assistance, for the year ended June 30, 1996. The management of the City of Dubuque, Iowa, is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Chapter 11 of the Code of Iowa; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City of Dubuque, Iowa's, compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In our opinion, the City of Dubuque, Iowa, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching and level of effort, and/or earmarking requirements; special reporting requirements; special tests and provisions; monitoring subrecipients; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the information of the Honorable Mayor, City Council, management, and officials of applicable federal and state grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Charles Bailly & Company P.L.L.P.

Dubuque, Iowa
November 25, 1996



Charles Bailly & Company P.L.L.P.

Certified Public Accountants • Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

To the Honorable Mayor and Members of the City Council:

We have audited the general purpose financial statements of the City of Dubuque, Iowa, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 25, 1996.

In connection with our audit of the general purpose financial statements of the City of Dubuque, Iowa, and with our consideration of the City's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Dubuque, Iowa's, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Dubuque, Iowa, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Honorable Mayor, City Council, management, and officials of applicable federal and state grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Charles Bailly & Company P.L.L.P.

Dubuque, Iowa
November 25, 1996



Charles Bailly & Company P.L.L.P.

Certified Public Accountants • Consultants

**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Honorable Mayor and Members of the City Council:

We have audited the general purpose financial statements of the City of Dubuque, Iowa, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 25, 1996. We have also audited the City of Dubuque, Iowa's, compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated November 25, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Chapter 11 of the Code of Iowa; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and whether the City of Dubuque, Iowa, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1996, we considered the internal control structure of the City of Dubuque, Iowa, in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the City of Dubuque, Iowa, and on the compliance of the City of Dubuque, Iowa, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated November 25, 1996.

The management of the City of Dubuque, Iowa, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls:

- Investments
- Revenue and receivables
- Expenditures/expenses
for goods and services
and accounts payable
- Payroll

Administrative Controls:

General Compliance Requirements:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Relocation assistance and real
property acquisition
- Federal financial reports
- Allowable costs/cost principles
- Drug-free Workplace Act
- Administrative requirements

Specific Compliance Requirements:

- Types of services allowed or
unallowed
- Eligibility
- Matching and level of effort,
and/or earmarking requirements
- Special reporting requirements
- Special tests and provisions
- Monitoring subrecipients

- Claims for advances and
reimbursements

- Amounts claimed or used for
matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the City of Dubuque, Iowa, expended 95 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the City's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal and Other Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the City of Dubuque, Iowa's, ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

- (A) In performing our dual purpose compliance testing of the Community Development Block Grant Program, we found where a late payment service charge of \$1.86 was charged to the program as this invoice was not paid timely. We also performed this compliance test as part of our audit of the Section VIII Housing Programs and found where \$1.37 in sales tax was inadvertently paid by City staff.

Recommendation

We recommend that City staff review their purchasing and payment procedures to ensure that all future invoices are paid timely and that amounts paid are proper.

City Response

The Finance Department will meet with staff members working with grant funds and ensure that steps are taken to make timely and accurate payment of valid invoices.

Conclusion

Response accepted.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the City of Dubuque, Iowa, in a separate letter dated November 25, 1996.

This report is intended for the information of the Honorable Mayor, City Council, management, and officials of applicable federal and state grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Charles Bailey & Company P.L.L.P.

Dubuque, Iowa
November 25, 1996

**REPORTS ON COMPLIANCE AND INTERNAL
CONTROL STRUCTURE IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***



Charles Bailly & Company P.L.L.P.

Certified Public Accountants • Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of the City Council:

We have audited the general purpose financial statements of the City of Dubuque, Iowa, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 25, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Chapter 11 of the Code of Iowa; and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Dubuque, Iowa, is the responsibility of the City's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance that we have reported to the management of the City of Dubuque, Iowa, in a separate letter dated November 25, 1996.

This report is intended for the information of the Honorable Mayor, City Council, management, and officials of applicable federal and state grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Charles Bailly & Company P.L.L.P.

Dubuque, Iowa
November 25, 1996



Charles Bailly & Company P.L.L.P.

Certified Public Accountants • Consultants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and Members of the City Council:

We have audited the general purpose financial statements of the City of Dubuque, Iowa, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 25, 1996.

We have conducted our audit in accordance with generally accepted auditing standards; Chapter 11 of the Code of Iowa; and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the City of Dubuque, Iowa, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the City of Dubuque, Iowa, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Prior year reportable conditions, items (A), (B), and (C), have not been resolved. Current year reportable conditions are as follows:

- (A) Dock Leases - The City has not maintained an accounts receivable system for all of the City's dock leases to keep track of dock lease revenue and outstanding balances due to the City. The City has initiated procedures to set up such an accounts receivable system, but the system has not yet been fully implemented.

Recommendation - The City should complete its implementation of an accounts receivable system for dock leases.

Response - The City will have the new accounts receivable system fully implemented during the current fiscal year. Information is required from the engineering department to determine the amount due on the leases. Greater care will be taken to ensure that billing information is received and the lessor invoiced in a timely manner.

Conclusion - Response accepted.

- (B) General Fixed Assets - The City has a centralized custodian who maintains a record of the City's general fixed assets. However, there are no formal procedures in place to ensure that the custodian is notified of all completed projects which must be capitalized.

Recommendation - Some progress has been made in this area through the issuance of a memo to department heads regarding the use of a standard form. However, further improvement is needed. The City should adopt a formal policy in order to improve the reporting of fixed asset additions, retirements, and transfers to the centralized custodian.

Response - The City will adopt a formal administrative policy on record keeping for fixed assets, including additions made through capital improvement projects. In addition, the City will be implementing a fixed asset system which will be integrated into the purchasing system in order to improve fixed asset record keeping.

Conclusion - Response accepted.

- (C) Notes Receivable - The City has several loan programs under which it loans money to those owning low-income housing for the purpose of rehabilitating the property. The City uses a software program to track the amount of notes receivable under these various programs. We noted that loan amounts are entered in the software program as receivable amounts immediately upon the approval of the loan, regardless of whether the money has actually been paid out yet by the City. As a result, it is difficult to determine the City's notes receivable balance and to reconcile the loan amounts to the City's general ledger.

Recommendation - The City should modify its software program to enable a better reconciliation of the notes receivable balance and perform the reconciliation on a regular basis.

Response - The City is in the process of reviewing loan processing systems that can meet reporting requirements and track approved loan amounts and amounts actually funded.

Conclusion - Response accepted.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above are a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the City of Dubuque, Iowa, in a separate letter dated November 25, 1996.

This report is intended for the information of the Honorable Mayor, City Council, management, and officials of applicable federal and state grantor agencies. However, this report is a matter of public record and its distribution is not limited.

The following comments about the City's operations for the year ended June 30, 1996, are based exclusively upon 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. Prior year statutory comments have all been resolved.

- (1) 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, 1996.
- (2) Certified Budget - Program disbursements during the year ended June 30, 1996, did not exceed the amounts budgeted.
- (3) Questionable Disbursements - We noted no disbursements which fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- (4) Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (5) Business Transactions - We noted no business transactions between the City and its officials or employees that appear to represent conflict of interest.
- (6) 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 ensure that the coverage is adequate for current operations.
- (7) Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- (8) Revenue Bonds - We noted no instances of noncompliance with the provisions of the City's revenue bond resolutions.
- (9) Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy.

We would like to acknowledge the assistance extended to us by personnel of the City of Dubuque during the course of our audit.

Should you have any questions concerning any of the preceding matters, we shall be pleased to discuss them with you at your convenience.

Charles Bailly & Company P.L.L.P.

Dubuque, Iowa
November 25, 1996

STATISTICAL SECTION

(Unaudited)

Table 1

CITY OF DUBUQUE, IOWA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years
 (Amounts expressed in thousands)
 (Unaudited)

<u>Fiscal Year</u>	<u>Protective Services</u>	<u>Leisure Services</u>	<u>Facilities and Environment</u>	<u>Administration</u>	<u>Debt Service</u>	<u>Total</u>
1987	\$6,622	\$2,989	\$5,735	\$1,930	\$3,845	\$21,121
1988	6,179	2,657	5,724	2,081	3,776	20,417
1989	6,510	2,762	6,727	1,778	3,853	21,630
1990	6,873	3,025	7,056	1,960	4,305	23,219
1991	7,315	3,222	9,041	2,042	7,094	28,714
1992	7,843	3,429	9,123	2,270	5,532	28,197
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

(1) Includes General, Special Revenue, and Debt Service Funds.

Table 2

CITY OF DUBUQUE, IOWA

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

Last Ten Fiscal Years
(Amounts expressed in thousands)
(Unaudited)

<u>Fiscal</u> <u>Year</u>	<u>Taxes</u>	<u>Licenses</u> <u>and</u> <u>Permits</u>	<u>Inter-</u> <u>Governmental</u>	<u>Charges</u> <u>for</u> <u>Services</u>	<u>Fines</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
1987	\$10,644	\$447	\$6,111	\$1,994	\$246	\$1,003	\$2,667	\$23,112
1988	10,427	467	6,292	2,126	228	1,325	2,345	23,210
1989	13,240	490	7,039	2,140	279	1,699	2,157	27,044
1990	13,360	539	8,147	2,397	367	2,342	6,484	33,636
1991	13,841	618	7,533	2,876	360	2,914	6,544	34,686
1992	14,420	639	8,049	3,150	346	1,785	3,426	31,815
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

(1) Includes General, Special Revenue, and Debt Service Funds.

Table 2A

CITY OF DUBUQUE, IOWA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(Amounts expressed in thousands)
(Unaudited)

<u>Fiscal</u> <u>Year</u>	<u>Property</u> <u>Tax</u>	<u>Moneys and</u> <u>Credits</u> <u>Replaced Tax</u>	<u>Mobile</u> <u>Homes</u> <u>Tax</u>	<u>State Replace</u> <u>Personal Prop.</u> <u>Exemption</u>	<u>Sales</u> <u>Tax (1)</u>	<u>Hotel</u> <u>Motel</u> <u>Tax</u>	<u>Total</u>
1987	\$9,933	\$31	\$34	\$213	\$ -	\$433	\$10,644
1988	9,465	22	31	500	-	409	10,427
1989	8,174	36	38	671	3,886	435	13,240
1990	8,049	47	46	457	4,314	447	13,360
1991	8,527	40	42	457	4,316	459	13,841
1992	8,580	72	34	492	4,618	624	14,420
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

(1) Tax levy approved February 1988.

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 Year Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
1987	\$ 13,473	\$ 12,728	94.5%	\$ 583	\$ 13,311
1988	12,580	11,957	95.0	462	12,419
1989	11,018	10,790	97.9	466	11,256
1990	11,064	10,889	98.4	415	11,304
1991	11,851	11,618	98.0	383	12,001
1992	12,694	12,042	94.9	608	12,650
1993	13,242	12,635	95.4	571	13,206
1994	14,851	14,101	94.9	161	14,262
1995	14,997	14,635	97.6	116	14,751
1996	15,182	14,832	97.7	118	14,950

(1) Includes tax increment levy.

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 Year Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
1987	\$ 13,473	\$ 12,728	94.5%	\$ 583	\$ 13,311
1988	12,580	11,957	95.0	462	12,419
1989	11,018	10,790	97.9	466	11,256
1990	11,064	10,889	98.4	415	11,304
1991	11,851	11,618	98.0	383	12,001
1992	12,694	12,042	94.9	608	12,650
1993	13,242	12,635	95.4	571	13,206
1994	14,851	14,101	94.9	161	14,262
1995	14,997	14,635	97.6	116	14,751
1996	15,182	14,832	97.7	118	14,950

(1) Includes tax increment levy.

Table 3

<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
98.8%	\$ 760	5.6%
98.7	915	7.3
102.2	677	6.1
102.2	437	3.9
101.3	287	2.4
99.7	331	2.6
99.7	367	2.8
96.0	956	6.4
98.4	245	1.6
98.5	232	1.5

CITY OF DUBUQUE, IOWA

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY

Last Ten Fiscal Years
 (Amounts expressed in thousands)
 (Unaudited)

<u>Fiscal Year</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Exemptions</u>
	<u>Taxable Value</u>	<u>Assessed Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Real Property</u>
1987	\$ 889,046	\$ 1,055,468	\$ 42,653	\$ 42,653	\$ 12,173
1988	907,787	1,062,145	- (1)	- (1)	12,042
1989	945,898	1,079,200	- (1)	- (1)	11,873
1990	955,819	1,089,808	- (1)	- (1)	11,734
1991	966,009	1,106,628	- (1)	- (1)	11,351
1992	984,894	1,129,691	- (1)	- (1)	11,160
1993	960,732	1,185,363	- (1)	- (1)	10,783
1994	997,573	1,229,395	- (1)	- (1)	10,681
1995	1,127,153	1,450,026	- (1)	- (1)	10,642
1996	1,151,187	1,487,208	- (1)	- (1)	10,467

- (1) A Personal Property Tax Replacement payment of \$472 from the State of Iowa replaces this lost value.

Table 4

<u>Total</u>		Ratio of Total Assessed Value to Total Estimated Actual Value
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
\$ 919,526	\$ 1,098,121	83.74%
895,745	1,062,145	84.33
934,025	1,079,200	86.55
944,085	1,089,808	86.63
954,658	1,106,628	86.27
973,734	1,129,691	86.19
949,949	1,185,363	80.14
986,892	1,229,395	80.27
1,116,511	1,450,026	77.00
1,140,720	1,487,208	76.70

Table 5

CITY OF DUBUQUE, IOWA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years
(Amounts expressed in thousands)
(Unaudited)

TAX RATES PER \$1,000 ASSESSED VALUE

<u>Fiscal</u> <u>Year</u>	<u>Dubuque</u> <u>City</u>	<u>Dubuque</u> <u>School</u> <u>District</u>	<u>Board</u> <u>of Education</u> <u>and</u> <u>Independents</u>	<u>Area 1</u> <u>Voc. Tech</u>	<u>Dubuque</u> <u>County</u>	<u>Total</u>	<u>Ratio of</u> <u>Dubuque</u> <u>City</u> <u>To Total</u>
1987	\$14.5819	\$12.8882	\$.364	\$.4359	\$ 4.8295	\$33.0995	44.05%
1988	13.9529	12.2700	.617	.4535	4.5858	31.8792	43.77
1989	11.8007	11.9511	.613	.4517	5.7209	30.5374	38.64
1990	11.6891	12.3212	.613	.4503	5.6024	30.6760	38.11
1991	12.3004	12.8876	.613	.4515	6.2061	32.4586	37.90
1992	12.7742	13.6506	.6186	.4620	7.0749	34.5803	36.94
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

Source: Dubuque County Auditor's Office.

Table 6

CITY OF DUBUQUE, IOWA

PRINCIPAL TAXPAYERS

December 31, 1995

(Amounts expressed in thousands)
(Unaudited)

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>1994 ASSESSED VALUATION</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u>
Interstate Power Company	Utility	\$ 51,055	3.43%
Peoples Natural Gas Company	Utility	20,985	1.41
Kennedy Mall	Shopping Center	18,063	1.21
Wm. C. Brown Company	Publishing	11,894	.80
A.Y. McDonald Manufacturing Co.	Plumbing Supplies	10,611	.71
U. S. West Communications	Telephone Service	8,676	.58
F.D.L. Foods	Meat Processing	8,396	.56
Nordstrom, Inc.	Warehouse Distributor	8,191	.55
Georgia-Pacific Corporation	Cardboard Containers	7,123	.48
Plaza 20, Inc.	Shopping Plaza	<u>6,059</u>	<u>.41</u>
TOTALS		<u>\$ 151,053</u>	<u>10.14%</u>

Source: Dubuque County - Auditor.

CITY OF DUBUQUE, IOWA

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

Last Ten Fiscal Years
(Amounts expressed in thousands)
(Unaudited)

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected (1)</u>
1987	\$209	\$579
1988	189	269
1989	128	397
1990	79	268
1991	72	373
1992	59	276
1993	58	333
1994	44	339
1995	51	609
1996	33	147

(1) Includes prepayments.

CITY OF DUBUQUE, IOWA

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 1996
(Amounts expressed in thousands)
(Unaudited)

Actual Valuations		<u>\$1,487,208</u>
Legal debt margin:		
Debt limitation-5% of actual valuations		\$ 74,364
Debt applicable to limitation:		
Total bonded debt	\$ 18,030	
Less: Revenue bonds	2,995	
Tax-increment financing bonds	<u>835</u>	
Total debt applicable to limitation		<u>14,200</u>
Legal debt margin		<u>\$ 60,164</u>

CITY OF DUBUQUE, IOWA

RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

Last Ten Fiscal Years
(Amounts expressed in thousands)
(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Debt Payable Other Revenues (4)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
1987	62	\$ 919,526	\$ 23,925	\$ 7,725	\$ 16,200	1.76%	\$.261
1988	62	895,745	22,870	7,525	15,345	1.71	.248
1989	62	934,025	25,425	7,325	18,100	1.94	.292
1990	62	944,085	21,455	3,025	18,430	1.95	.297
1991	58	954,658	18,395	0	18,395	1.93	.317
1992	58	973,734	16,255	0	16,255	1.67	.280
1993	58	949,949	16,340	0	16,340	1.72	.282
1994	58	986,892	17,125	0	17,125	1.74	.295
1995	58	1,116,511	14,775	0	14,775	1.32	.255
1996	59	1,140,720	14,200	0	14,200	1.24	.241

(1) U.S. Census Bureau.

(2) From Table 4.

(3) Amount does not include special assessment bonds and revenue bonds.

(4) GO bonds repaid with revenues from the Dubuque Racing Association.

CITY OF DUBUQUE, IOWA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENT EXPENDITURES

Last Ten Fiscal Years
(Amounts expressed in thousands)
(Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1987	\$1,300	\$ 960	\$ 2,260	\$ 21,121	10.70%
1988	1,415	1,148	2,563	20,417	12.55
1989	1,570	1,052	2,622	21,630	12.12
1990	1,585	1,206	2,791	23,219	12.02
1991	2,095	1,221	3,316	28,714	11.55
1992	2,140	1,242	3,382	28,197	11.99
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

(1) Excludes bond insurance and other costs.

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

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

CITY OF DUBUQUE, IOWA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS

June 30, 1996
 (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>12,758</u> (1)	100.000%	\$ <u>12,758</u>
Total	\$ <u>12,758</u>		\$ <u>12,758</u>

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

Table 12

CITY OF DUBUQUE, IOWA

REVENUE BOND COVERAGE
PARKING BONDS

Last Ten Fiscal Years
(Amounts expressed in thousands)
(Unaudited)

<u>Fiscal Year</u>	<u>Gross Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available For</u>		<u>Debt Service Requirements</u>			<u>Coverage (3)</u>
			<u>Debt Service</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1987	\$ 700	\$369	\$331		\$125	\$ 63	\$188	1.76
1988	770	369	401		125	58	183	2.19
1989	782	378	404		140	55	195	2.07
1990	762	397	365		153	45	198	1.84
1991	995	502	493		0	216	216	2.28
1992	1,061	513	548		80	224	304	1.80
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

(1) Total revenues (including interest).

(2) Total operating expenses exclusive of depreciation.

(3) Bond ordinance requires 1.3 coverage.

CITY OF DUBUQUE, IOWA

PROPERTY VALUE, CONSTRUCTION PERMITS, AND BANK DEPOSITS

Last Ten Fiscal Years
(Dollar amounts expressed in thousands)
(Unaudited)

Fiscal Year	Property Value (1)			Construction Permits	
	Other (3)	Residential	Totals	Number of Permits	Value
1987	\$ 375,777	\$ 679,691	\$ 1,055,468	1,675	\$ 22,945
1988	378,376	683,769	1,062,145	1,818	31,320
1989	390,222	688,978	1,079,200	1,638	25,163
1990	395,794	694,014	1,089,808	1,663	32,804
1991	407,989	698,639	1,106,628	1,670	54,233
1992	424,616	705,075	1,129,691	1,656	38,532
1993	352,979	832,384	1,185,363	1,780	41,964
1994	381,324	848,071	1,229,395	1,862	56,928
1995	441,399	1,008,627	1,450,026	6,918*	65,599
1996	456,075	1,031,133	1,487,208	4,190	75,569

- (1) Estimated actual value from Table 4.
(2) Source: Iowa Department of Banking.
(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.

Table 14

CITY OF DUBUQUE, IOWA

TAXABLE RETAIL SALES

DUBUQUE COUNTY

Last Ten Years
 (Amounts expressed in thousands)
 (Unaudited)

<u>Calendar Year</u>	<u>Taxable Sales</u>	<u>Percent Growth</u>
1986	\$ 405,402	5.68%
1987	421,325	3.93
1988	450,528	6.93
1989	477,305	5.94
1990	506,139	6.04
1991	530,852	4.88
1992	599,002	12.84
1993	610,691	1.95
1994	688,699	12.77
1995	771,946	12.09

Source: Iowa Department of Revenue and Finance.

CITY OF DUBUQUE, IOWA

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Per Capita Income</u>	<u>(3) Median Age</u>	<u>(4) School Enrollment</u>	<u>(5) Unemployment Rate</u>
1987	62,321	\$ 11,894	28	10,197	8.6%
1988	62,321	12,966	28	9,920	6.8
1989	62,321	13,500	28	9,787	6.1
1990	57,538	14,207	34	9,618	6.7
1991	57,538	16,323	34	9,754	6.1
1992	57,538	16,469	34	9,867	6.8
1993	57,538	18,172	34	9,995	5.5
1994	57,538	18,503	34	10,022	4.3
1995	57,538	19,891	34	10,133	3.8
1996	59,084	*	34	10,065	4.8

Data Sources:

- (1) Bureau of Census; 1994 update of 1990 census.
- (2) Survey of Current Business, U.S. Department of Commerce.
- (3) Bureau of Census; 1990 census.
- (4) School District.
- (5) Iowa Department of Employment Services.

* Unavailable at report date.

CITY OF DUBUQUE, IOWA
SCHEDULE OF INSURANCE IN FORCE

<u>Insurer</u>	<u>Policy Number</u>	<u>Expiration Date</u>	<u>Details of Coverage</u>
<u>LIABILITY INSURANCE</u>			
Iowa Communities Assurance Pool	IPO41901414000003	7/1/96	Municipal General Liability Includes EMT's and Ambulance Service
Iowa Communities Assurance Pool	IP035901414000003	7/1/96	Municipal Auto Liability Includes Transit Liability
Iowa Communities Assurance Pool	IP015901414000003	7/1/96	Comprehensive & Collision
Iowa Communities Assurance Pool	IP039901414000003	7/1/96	Public Official Liability
Iowa Communities Assurance Pool	IP040891414000003	7/1/96	Police Professional
Phoenix Aviation Managers	12459	7/1/96	Airport Liability
St. Paul F & M Ins. Group	EMO6649597	8/1/96	Professional Liability- Nurses
Transcontinental	LLP1622436	8/1/96	Liquor Law Liability
<u>PROPERTY INSURANCE</u>			
U.S. Fidelity & Guaranty Co.	9CP-30000958903	7/1/96	Comprehensive Business Policy
<u>CRIME INSURANCE</u>			
Allied Group Insurance	BD7900557276	7/1/96	Public Official Bond
<u>BOILER INSURANCE</u>			
Hartford Steam Boiler	CH-8317973-14	7/1/96	Boilers & Machinery

Table 16

<u>Liability Limits</u>		<u>Annual Premium</u>
\$ 5,000,000	Each Occurrence	\$ 197,944
\$ 1,000	Deductible	
\$ 4,000,000	Each Accident	\$ 148,497
	Per Scheduled Automobiles	\$ 40,420
\$ 2,000,000	Each Claim	\$ 24,408
\$ 2,000,000	Aggregate	
\$ 5,000	Deductible	
\$ 2,000,000	Per Person/Agg.	\$ 42,157
\$ 2,000,000	Aggregate	
\$ 4,000	Deductible	
\$ 20,000,000	Aggregate	\$ 17,200
\$ 1,000,000	Each Person	\$ 175
\$ 3,000,000	Total Limit	
\$ 1,000,000	Each Common Cause	\$ 2,364
\$ 89,737,630	Building & Contents	\$ 115,188
\$ 10,000	Deductible	
\$ 10,000,000	Earthquake	
\$ 547,940	Business Interruption	
\$ 711,643	EDP Equipment	
\$ 131,317	Mobile Equipment	
\$ 87,426	Communications Equipment	
\$ 5,000	Signing	
\$ 50,000	All Employees	\$ 3,836
\$ 1,000,000	City Manager	
\$ 1,000,000	Finance Director	
\$ 1,000,000	Treasurer	
\$ 1,000,000	Administrative Service Manager	
\$ 2,500,000	Per Accident	\$ 65,879
\$ 5,000	Deductible	
Total		<u>\$ 658,068</u>

Table 17

CITY OF DUBUQUE, IOWA

Miscellaneous Statistics

June 30, 1996
(Unaudited)

Date of Incorporation	1837
Form of Government	Council/Manager - Ward
Population - 1990 Census	59,084
Number of employees:	
Full Time	510
Part Time/Seasonal	278
Area in square miles	25
City of Dubuque facilities and services:	
Miles of streets	325
Number of street lights	3,229
Number of traffic signals	89
Culture and Recreation:	
Parks	29
Park acreage	728
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	80
Sewerage System:	
Miles of sanitary sewers	152
Miles of storm sewers	144
Number of treatment plants	1
Number of service connections	19,656
Daily average treatment in gallons	10,200,000
Maximum daily capacity of treatment plant in gallons	15,000,000
Water System:	
Miles of water mains	250
Number of service connections	19,616
Number of fire hydrants	2,000
Daily average consumption in gallons	8,519,740
Maximum daily capacity of plant in gallons	18,000,000
Public Transit System	Vehicles - 24
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	17
Number of secondary schools	7
Number of colleges	4
Number of universities	1
Number of theological seminaries	2
Hospitals:	
Number of hospitals	2
Number of licensed patient beds	584

