

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2006

City of Dubuque, Iowa

About the Cover:
Morning Dubuque skyline

Photo by:
Pregler Photography

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

CITY OF DUBUQUE, IOWA

**Prepared by:
Department of Finance**

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA

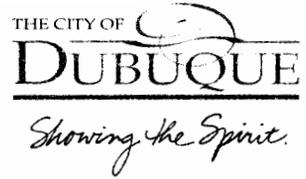
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CITY OF DUBUQUE, IOWA

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December 13, 2006

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

The Comprehensive Annual Financial Report (CAFR) of the City of Dubuque, Iowa, for the fiscal year ended June 30, 2006, is hereby submitted as required by various state and federal regulations. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and activities groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial operations have been included.

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

State code requires an annual audit by independent certified public accountants or the State Auditor. The accounting firm of Eide Bailly, LLP conducted the audit for fiscal year 2006. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the Schedule of Expenditures of

Federal Awards, findings and recommendations, and the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and grants, are included in the Compliance Section of this report. The independent auditors report is included in the Financial Section of this report.

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

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

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

PROFILE OF THE GOVERNMENT

The city of Dubuque is located on the Mississippi River in northeast Iowa, adjacent to the states of Illinois and Wisconsin. Julien Dubuque began mining lead in the area now known as Dubuque in 1788. Dubuque is the oldest city in Iowa and has a unique combination of the old and new, ranging from cable cars, Victorian architecture, and a Civil War era shot tower, to an enclosed shopping mall, riverboat casino, a pari-mutuel dog track with a casino and the National Mississippi River Museum and Aquarium (a Smithsonian affiliate). Dubuque has a stable and diversified manufacturing base and is the major tri-state retail center. Employment growth was strong throughout the year, as Dubuque ended the fiscal year with an unemployment rate of approximately 3.4 percent. The City of Dubuque currently has a land area of 29.46 square miles, including the 700 acres recently annexed, and a census 2000 population of 57,686. As the largest

city in the tri-state area, Dubuque serves as the hub of a trade area with a population estimated at 250,000.

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

ECONOMIC CONDITION

Significant continued development in the Port of Dubuque has begun or is in final planning stages. Projects include: \$32 million expansion by the National Mississippi River Museum and Aquarium, \$50 million Diamond Jo Casino entertainment expansion, \$32 million McGraw-Hill Higher Education office building, \$69 million Briggs/Durrant mixed-use development project, \$8 million renovation of City-owned Dubuque Star Brewery by private developer for potential office and retail use, and a new \$13 million City parking ramp.

Development of the Dubuque Industrial Center West continues with over 150 acres recently made available for sale for medium to heavy industrial uses. Current expansion includes a 110,000 square-foot distribution center and corporate offices for Theisen's Supply, Inc., as well as four other businesses relocating or expanding with \$1,000,000 - \$2,000,000 capital investments by each.

The Dubuque Technology Park on the south side has two new facilities under construction which will add 125 new jobs and \$5,000,000 of capital investment. (Kunkel, Bounds and Associates and Sedgwick CMS/Straka Johnson Architects.)

Downtown development continues at a brisk pace with the following projects: \$4.5 million expansion by Cottingham and Butler which will add 90 new jobs; \$1.5 million restoration of a historic building, the German Bank; \$5 million project by John Gronen to be completed in late 2006 for 30 upper-story apartments and 12 rebuilt storefronts on upper Main Street.

Other major construction projects include a new Athletic Wellness Center at Loras College and the University of Dubuque Chlapaty Wellness and Recreation Center. A 240-unit River Pointe condominium project should begin in the next few months. The new Eleanor Roosevelt Middle School, Prescott Elementary School, as well as Mazzuchelli Middle School were completed in

the past year by the Dubuque Community School District and Holy Family Catholic School. The Crescent Community Health Center recently opened.

Demolition started on the former meat packing plant to open 30 acres for future retail development on the highway 151/61 corridor.

The City continues to receive awards and recognition from a variety of sources including: 2006 Iowa Great Place by Iowa Great Places Citizen Advisory Board; 2005 Phoenix Award for Excellence in Brownfield Redevelopment in the Port of Dubuque; ranked 22nd for job growth among 387 U.S. cities between 2005 and October 2006 by Moody's/Economy.com (Dubuque is only Midwest city and one of six cold-weather cities in the top 25); Dubuque County has 3% of Iowa's population but in 2005 was responsible for 8% of jobs created; 2005 was the fourth consecutive year of record real estate sales in Dubuque.

MAJOR INITIATIVES

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

The Dubuque Regional Airport Master Plan was formally accepted by the Federal Aviation Administration (FAA). The Airport Layout Plan is expected to be approved by the FAA in fiscal year 2007. These two actions should lead to the funding and implementation of the planned airport expansion and upgrade. Passenger traffic continued to increase on American Eagle's four daily jet departures to 44,089 in fiscal year 2006 (9.4%). To meet this demand the airport will be undertaking steps to seek expanded service from American, as well as a second hub from American or another air carrier.

The City continues to implement components of the \$38 million Drainage Basin Master Plan. The \$4 million West 32nd Street Detention Basin Project and \$32 million Bee Branch Creek Restoration Project involves significant property acquisitions and engineering design to date.

For the Future. The Mayor and City Council will continue to take action to achieve their goals of maintaining a strong local economy, sustaining stable property tax levies, and enhancing the safety and security of citizens through neighborhood vitality. The City staff will work to implement the City Council's vision that Dubuque is a "Masterpiece on the Mississippi." A program of comprehensive service reviews has continued as a vehicle for analyzing City services, identifying opportunities for improvement, and determining areas of possible cost reductions. The goal of the service review program is to ensure that services desired by the citizens are provided in the most cost effective and efficient method possible. The City Council's goals for the next five years and beyond include the following:

- Improved connectivity: transportation and telecommunications

- Diverse, strong Dubuque economy
- Planned and managed growth
- Partnering for a better Dubuque
- Riverfront development

FINANCIAL INFORMATION

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

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

As a part of the City's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal programs, as well as to determine that the government has complied with applicable laws, regulations, contracts, and grants. The results of the government's single audit for the fiscal year ended June 30, 2006, provided no instances of material weaknesses in internal control over compliance, or significant violations of applicable laws, regulations, contracts and grants.

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

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

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, federal agency obligations, and authorized mutual funds. The City (includes DMASWA) received cash basis investment earnings of \$1,934,697 for the year.

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

Risk Management. The City of Dubuque is a member of a statewide risk pool for local governments, the Iowa Communities Assurance Pool (ICAP). The coverage for general and auto liability, as well as public official and police professional liability are acquired through this pool. Worker's compensation coverage up to \$450,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims equaled \$180,555 as of June 30, 2006. The City has also established a self-insurance plan for medical, prescription drug, and short-term disability. The accumulated reserve provision for such claims equaled \$1,514,366 as of June 30, 2006. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

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

AWARDS AND ACKNOWLEDGEMENTS

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, 2005. This was the 18th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,

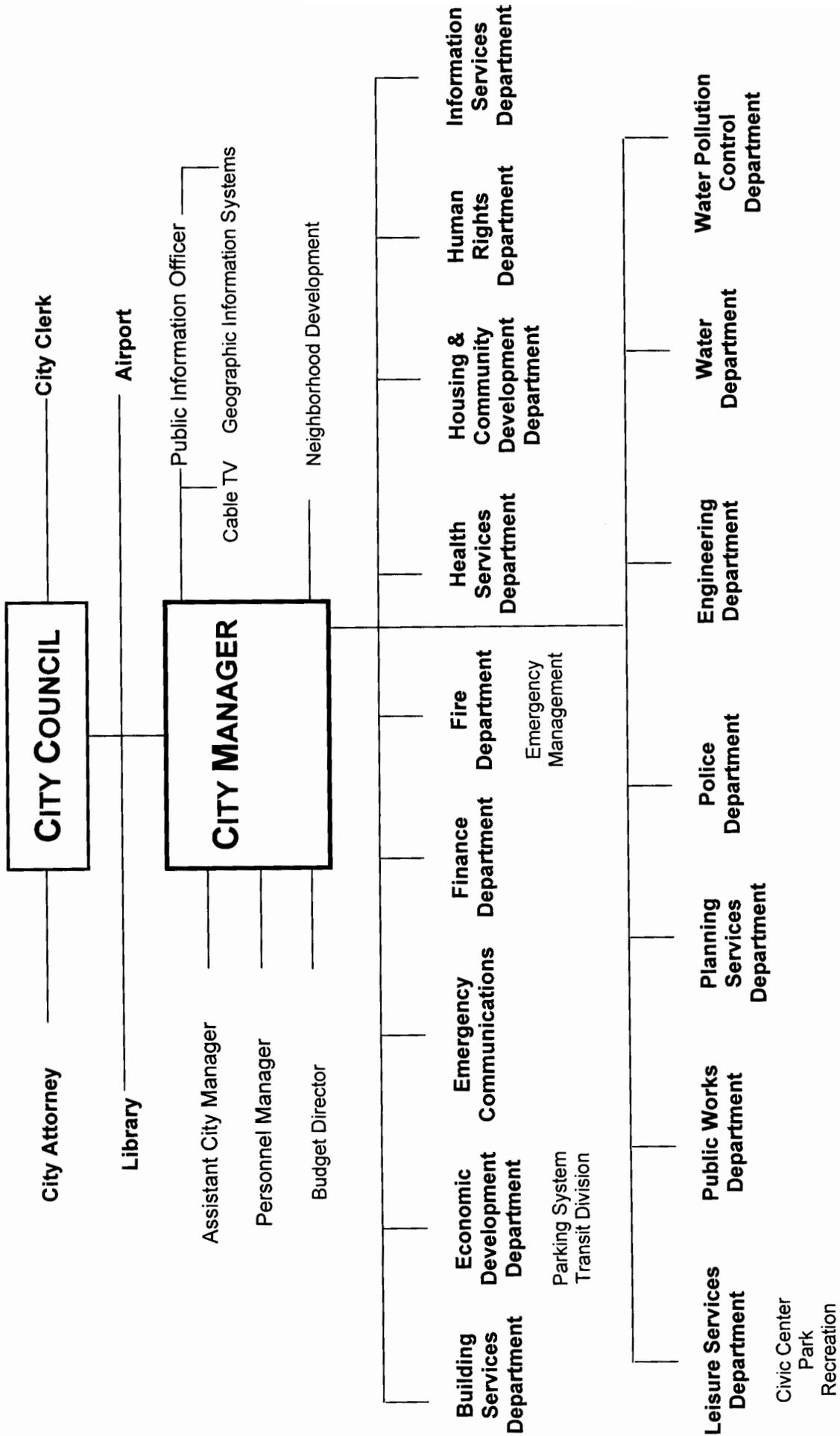


Michael C. Van Milligen
City Manager



Kenneth J. TeKippe, CPA
Finance Director

CITY OF DUBUQUE ORGANIZATIONAL CHART



CITY OF DUBUQUE, IOWA

OFFICIALS

JUNE 30, 2006

CITY COUNCIL

Roy D. Buol
Richard W. Jones
Ann E. Michalski
Kevin J. Lynch
Karla A. Braig
Joyce E. Connors
Patricia A. Cline

Mayor
Council Member – At Large
Council Member – At Large
Council Member – 1st Ward
Council Member – 2nd Ward
Council Member – 3rd Ward
Council Member – 4th Ward

COUNCIL APPOINTED OFFICIALS

Michael C. Van Milligen
Barry A. Lindahl
Crenna M. Brumwell-Sahm
James A. O'Brien
Jeanne F. Schneider

City Manager
City Attorney
Assistant City Attorney
Assistant City Attorney
City Clerk

DEPARTMENT MANAGERS

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

Acting Airport Manager
Assistant City Manager
Budget Director
Building Services Manager
Economic Development Director
Finance Director
Fire Chief
Health Services Manager
Housing and Community Development Manager
Human Rights Director
Personnel Manager
Information Services Manager
Leisure Services Manager
Library Director
Public Works Director
Planning Services Manager
Police Chief
Public Works Director
Water Department Manager
Water Pollution Control Plant Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dubuque,
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



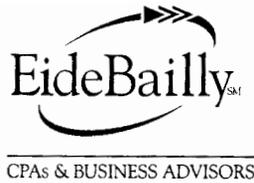
Carla E. Fudge

President

Jeffrey R. Emer

Executive Director

CITY OF DUBUQUE, IOWA



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, (the City) as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Dubuque, Iowa. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of June 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
October 25, 2006

**CITY OF DUBUQUE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006**

This section of the City of Dubuque annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2006. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements found in the next section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Dubuque exceeded its liabilities at the close of the fiscal year by \$407,202,804 (net assets). This was an increase of \$15,458,390 over net assets at June 30, 2005. Unrestricted net assets at June 30, 2006 in the amount of \$28,390,558 may be used to meet the City's ongoing obligations to citizens and creditors.
- The revenues of the general fund exceeded expenses by \$2,384,517.
- The ending general fund balance was \$17,528,138.
- Within the City's business-type activities, expenses and transfers exceeded revenues by \$3,533,672.
- For the year, the revenues of the City's governmental activities exceeded expenses and transfers by \$19,854,426.
- The City's debt increased by \$2,082,711 due to the issuance of new debt exceeding principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City you need to

consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

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

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

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

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two fiduciary funds, an agency fund reporting resources held for the Dubuque Racing Association for improvements at the greyhound racing facility and an agency fund used for reporting resources from Mediacom for purchasing equipment relevant to public, educational and governmental (PEG) access broadcasting.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. As noted earlier, net assets may serve as a useful indicator of a government's financial position when observed over time. In the case of the City, assets exceeded liabilities by \$407,202,804 at the close of the most recent fiscal year.

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

CITY OF DUBUQUE'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 65,996,115	\$ 69,638,300	\$ 19,272,614	\$ 16,054,939	\$ 85,268,729	\$ 85,693,239
Capital assets	<u>289,955,332</u>	<u>267,976,516</u>	<u>97,288,253</u>	<u>100,940,871</u>	<u>387,243,585</u>	<u>368,917,387</u>
Total assets	<u>355,951,447</u>	<u>337,614,816</u>	<u>116,560,867</u>	<u>116,995,810</u>	<u>472,512,314</u>	<u>454,610,626</u>
Long-term liabilities	29,970,027	31,300,556	12,683,604	9,461,414	42,653,631	40,761,970
Other liabilities	<u>21,393,518</u>	<u>21,014,870</u>	<u>1,262,361</u>	<u>1,089,372</u>	<u>22,655,879</u>	<u>22,104,242</u>
Total liabilities	<u>51,363,545</u>	<u>52,315,426</u>	<u>13,945,965</u>	<u>10,550,786</u>	<u>65,309,510</u>	<u>62,866,212</u>
Net assets:						
Invested in capital assets,						
net of related debt	267,762,059	249,881,646	88,802,536	93,036,089	356,564,595	342,917,735
Restricted	21,693,357	24,180,874	554,294	554,205	22,247,651	24,735,079
Unrestricted	<u>15,132,486</u>	<u>11,236,870</u>	<u>13,258,072</u>	<u>12,854,730</u>	<u>28,390,558</u>	<u>24,091,600</u>
Total net assets	<u>\$ 304,587,902</u>	<u>\$ 285,299,390</u>	<u>\$ 102,614,902</u>	<u>\$ 106,445,024</u>	<u>\$ 407,202,804</u>	<u>\$ 391,744,414</u>

A portion of the City's net assets (5.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets (7.0%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal years 2006 and 2005, the City is able to report positive balances in all three categories of net assets, both for the government as a whole and separate governmental and business-type activities.

Governmental activities. Governmental activities increased the net assets of the City by \$19,854,426 or 121.6% of the total increase in net assets in 2006 and \$11,357,603 or

78.6% of the total increase in net assets in 2005. Taxes are the largest source of governmental revenues with property taxes of \$19,716,620 in 2006. Other governmental revenues included gaming of \$14,034,847, local option sales taxes of \$7,336,124, hotel/motel tax of \$1,862,439, and \$8,294,007 of charges for services.

Governmental expenses during 2006 totaled 59,460,139. The largest programs were public safety of \$18,892,980, public works of \$16,390,322, culture and recreation of \$9,267,505 and community and economic development of \$8,541,167. The State of Iowa changed the reporting requirements for expenses from four to eight programs effective with the 2003 fiscal year.

CITY OF DUBUQUE						
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS						
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues						
Charges for services	\$ 8,294,007	\$ 8,360,969	\$ 15,352,964	\$ 14,050,012	\$ 23,646,971	\$ 22,410,981
Operating grants and contributions	12,902,410	14,603,106	920,762	651,967	13,823,172	15,255,073
Capital grants and contributions	6,881,573	6,919,296	2,769,657	3,030,378	9,651,230	9,949,674
General revenues						
Property taxes	19,716,620	19,767,492	-	-	19,716,620	19,767,492
Local option sales tax	7,336,124	6,963,124	-	-	7,336,124	6,963,124
Hotel/motel tax	1,862,439	1,383,660	-	-	1,862,439	1,383,660
Utility franchise fees	1,521,201	1,310,064	-	-	1,521,201	1,310,064
Gaming	14,034,847	11,694,105	-	-	14,034,847	11,694,105
Unrestricted investment earnings	1,081,141	1,190,337	339,599	322,884	1,420,740	1,513,221
Gain on sale of capital assets	77,627	170,642	703	36	78,330	170,678
Other	<u>572,602</u>	<u>560,789</u>	<u>-</u>	<u>-</u>	<u>572,602</u>	<u>560,789</u>
Total revenues	<u>74,280,591</u>	<u>72,923,584</u>	<u>19,383,685</u>	<u>18,055,277</u>	<u>93,664,276</u>	<u>90,978,861</u>
Expenses:						
Public safety	18,892,980	18,636,877	-	-	18,892,980	18,636,877
Public works	16,390,322	17,088,983	-	-	16,390,322	17,088,983
Health and social services	678,748	654,469	-	-	678,748	654,469
Culture and recreation	9,627,505	8,474,183	-	-	9,627,505	8,474,183
Community and economic development	8,541,167	9,680,046	-	-	8,541,167	9,680,046
General government	3,868,687	4,048,475	-	-	3,868,687	4,048,475
Interest on long-term debt	1,460,730	1,298,367	-	-	1,460,730	1,298,367
Sewage disposal works	-	-	5,298,353	4,656,172	5,298,353	4,656,172
Water utility	-	-	4,700,483	4,232,489	4,700,483	4,232,489
Stormwater utility	-	-	1,153,628	1,114,811	1,153,628	1,114,811
Parking facilities	-	-	1,629,427	1,604,071	1,629,427	1,604,071
America's River Project	-	-	82,617	515,570	82,617	515,570
Refuse collection	-	-	2,463,795	2,202,800	2,463,795	2,202,800
Transit system	-	-	<u>2,555,080</u>	<u>2,326,908</u>	<u>2,555,080</u>	<u>2,326,908</u>
Total expenses	<u>59,460,139</u>	<u>59,881,400</u>	<u>17,883,383</u>	<u>16,652,821</u>	<u>77,343,522</u>	<u>76,534,221</u>
Increase in net assets before transfers	14,820,452	13,042,184	1,500,302	1,402,456	16,320,754	14,444,640
Transfers	<u>5,033,974</u>	<u>(1,684,581)</u>	<u>(5,033,974)</u>	<u>1,684,581</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	19,854,426	11,357,603	(3,533,672)	3,087,037	16,320,754	14,444,640
Net assets, beginning, as restated	<u>284,733,476</u>	<u>273,941,787</u>	<u>106,148,574</u>	<u>103,357,987</u>	<u>390,882,050</u>	<u>377,299,774</u>
Net assets, ending	<u>\$ 304,587,902</u>	<u>\$ 285,299,390</u>	<u>\$ 102,614,902</u>	<u>\$ 106,445,024</u>	<u>\$407,202,804</u>	<u>\$ 391,744,414</u>

Business-type activities. Business type activities decreased net assets by \$3,830,122 while the City's net assets increased by \$15,458,390 at June 30, 2006.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

The City's governmental funds reported a combined fund balance of \$39,471,744 at June 30, 2006. A portion of the fund balance is reserved and not available for new spending because it has already been committed for encumbrances, endowments, debt service and state statute restricted purposes.

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

The unreserved fund balance of special revenue employee benefits fund decreased by \$5,179 to \$105,530. The unreserved fund balance of special revenue community development increased by \$809,906 to \$3,011,093.

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

The combined net assets of the enterprise funds at June 30, 2006 totaled \$102,614,902 of which 12.9% (\$13,258,072) is unrestricted. The net assets of the internal service funds are \$1,798,333 a \$1,396,242 increase from the 2005 total net assets. The unrestricted net assets of the internal service funds are \$1,762,418 (98.0%). The increase in internal service funds is primarily due to favorable results in the employee health insurance reserve fund.

The sewer disposal works had an increase in net assets of \$268,942 for total net assets of \$38,693,744 at June 30, 2006. The water utility had a decrease in net assets of \$65,707 for total net assets of \$23,423,707. The stormwater utility had a decrease in net assets of \$169,073 for total net assets of \$21,241,693. The parking facilities had an increase in net assets of \$301,734 for total net assets of \$13,696,269. The America's River Project had a decrease in net assets of \$3,103,893 for total net assets of \$1,499,145.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2005-2006 budget. The first amendment was passed in October 2005 to reflect operating and capital budget carryovers (continuing appropriation authority) from 2005 and amends the FY 2006 budget for operating and

capital City Council actions since the beginning of the first year. The second budget amendment was passed in May 2006 to reflect City Council actions since the first budget amendment, encumbrance carryovers from FY 2005 and amendments to add additional appropriation authority due to increased revenues.

The final budget for total receipts increased by \$19,985,252. The increase was primarily attributable to revenue associated with capital projects and operating carryovers which mainly include grants to intergovernmental funds. The final budget for total expenditures increased \$46,919,316 from the original budget. The increase was primarily attributable to purchase order encumbrances carryover, capital projects and operating carryovers from the prior year and expenditures associated with new grants received.

Actual revenues were \$31,156,765 less than the final amended budget, and expenditures were \$65,329,720 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$387,243,585 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. Additional information on the City's assets can be found in the note 5 to the financial statements in this report.

CAPITAL ASSETS (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 53,123,477	\$ 52,513,574	\$ 3,364,857	\$ 3,411,921	\$ 56,488,334	\$ 55,925,495
Buildings	83,296,610	67,601,837	59,884,954	59,932,136	143,181,564	127,533,973
Improvements other than buildings	13,683,762	10,304,947				
Machinery and equipment	23,547,518	21,652,249	53,679,236	52,580,851	67,362,998	62,885,798
Infrastructure	173,355,062	166,714,268	46,213,780	45,987,759	69,761,298	67,640,008
Construction in progress	16,088,502	18,594,470	-	-	173,355,062	166,714,268
			3,811,234	6,223,942	19,899,736	24,818,412
Accumulated depreciation	(73,139,599)	(69,404,829)	(69,665,808)	(67,195,738)	(142,805,407)	(136,600,567)
	<u>\$ 289,955,332</u>	<u>\$ 267,976,516</u>	<u>\$ 97,288,253</u>	<u>\$ 100,940,871</u>	<u>\$ 387,243,585</u>	<u>\$ 368,917,387</u>

Major expenditures during 2005-2006 were for parking ramp improvements, storm water projects for 32nd Street and Bee Branch, continued improvements at the Dubuque Industrial Center West, and streets, water and sewer projects.

Long-term debt. At year end the City had \$40,355,742 of debt outstanding. This is an increase of \$2,082,711 from June 30, 2005. New debt issued during the current year included \$2,900,000 for stormwater projects, \$910,000 for parking ramp improvements, and \$3,345,000 of existing debt was refinanced at more favorable rates. The City's bond rating continued at Aa2 for the issue.

The City continues to operate well under the State debt capacity limitations. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the community. Thus our debt capacity is \$138,788,921. With general obligation debt of \$39,442,519 we are utilizing 28.42% of this limit. Additional information on the City's long-term debt can be found in note 6 of this report.

ECONOMIC FACTORS

The City's unemployment rate ended the fiscal year at 3.4%, a 1.4% decrease from the prior year, and is slightly lower than the State of Iowa rate of 3.6%, and lower than the 4.6% national rate.

The City continues to enjoy growth in assessed valuation of taxable property net of exemptions (3% for total of \$1,700,472). In fiscal year 2006, the minimum monthly refuse rate increased \$0.95 to \$9.46, sewer rates increased 9%, water rates increased 4% and the stormwater monthly fee increased \$0.46 to \$2.25.

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

BASIC FINANCIAL STATEMENTS

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government			Component Unit
	Governmental	Business-type	Total	Dubuque Metropolitan Area Solid Waste Agency
	Activities	Activities		
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	\$ 30,109,185	\$ 16,381,713	\$ 46,490,898	\$ 5,135,415
Receivables				
Property tax				
Delinquent	184,419	-	184,419	-
Succeeding year	17,186,115	-	17,186,115	-
Accounts and other	1,938,542	2,104,018	4,042,560	246,220
Special assessments	101,391	-	101,391	-
Accrued interest	321,319	84,505	405,824	148,161
Notes	690,505	-	690,505	-
Intergovernmental	5,045,727	41,267	5,086,994	-
Internal balances	338,538	(338,538)	-	-
Inventories	163,596	440,016	603,612	-
Prepaid items	11,856	5,339	17,195	-
Total Current Assets	<u>56,091,193</u>	<u>18,718,320</u>	<u>74,809,513</u>	<u>5,529,796</u>
NONCURRENT ASSETS				
Temporarily restricted cash and pooled cash investments	346,537	554,294	900,831	3,510,048
Permanently restricted cash and pooled cash investments	22,391	-	22,391	-
Notes receivable	9,535,994	-	9,535,994	-
Capital assets				
Land	53,123,477	3,364,857	56,488,334	1,586,092
Buildings	83,296,610	59,884,954	143,181,564	65,922
Improvements other than buildings	13,683,762	53,679,236	67,362,998	7,468,652
Machinery and equipment	23,547,518	46,213,780	69,761,298	2,504,155
Infrastructure	173,355,062	-	173,355,062	-
Construction in progress	16,088,502	3,811,234	19,899,736	-
Accumulated depreciation	(73,139,599)	(69,665,808)	(142,805,407)	(6,279,559)
Total Noncurrent Assets	<u>299,860,254</u>	<u>97,842,547</u>	<u>397,702,801</u>	<u>8,855,310</u>
Total Assets	<u>355,951,447</u>	<u>116,560,867</u>	<u>472,512,314</u>	<u>14,385,106</u>

See notes to financial statements.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 2,732,422	\$ 1,021,293	\$ 3,753,715	\$ 74,195
Accrued payroll	765,222	175,959	941,181	22,306
Notes payable	57,891	-	57,891	-
General obligation bonds payable	1,160,000	545,000	1,705,000	-
Revenue bonds payable	-	220,000	220,000	-
Tax increment financing bonds payable	445,449	-	445,449	-
Accrued compensated absences	2,302,657	314,892	2,617,549	55,707
Accrued interest payable	97,048	65,109	162,157	-
Intergovernmental payable	23,674	-	23,674	59,444
Unearned revenue				
Succeeding year property tax	17,186,115	-	17,186,115	-
Other	589,037	-	589,037	-
Total Current Liabilities	<u>25,359,515</u>	<u>2,342,253</u>	<u>27,701,768</u>	<u>211,652</u>
NONCURRENT LIABILITIES				
Notes payable	532,548	-	532,548	-
General obligation bonds payable	22,876,627	10,883,712	33,760,339	-
Revenue bonds payable	-	720,000	720,000	-
Landfill closure and postclosure care	-	-	-	2,479,380
Tax increment financing bonds payable	2,594,855	-	2,594,855	-
Total Noncurrent Liabilities	<u>26,004,030</u>	<u>11,603,712</u>	<u>37,607,742</u>	<u>2,479,380</u>
Total Liabilities	<u>51,363,545</u>	<u>13,945,965</u>	<u>65,309,510</u>	<u>2,691,032</u>
NET ASSETS				
Invested in capital assets, net of related debt	267,762,059	88,802,536	356,564,595	5,345,262
Restricted for/by				
Bond ordinance	247,456	554,294	801,750	-
Debt service	3,136	-	3,136	-
Employee benefits	105,530	-	105,530	-
Community development	14,119,376	-	14,119,376	-
Streets	2,098,389	-	2,098,389	-
Capital projects	4,341,763	-	4,341,763	-
Franchise agreement	474,134	-	474,134	-
Endowments				
Expendable	83,367	-	83,367	-
Nonexpendable	22,391	-	22,391	-
Other	197,815	-	197,815	-
State statute	-	-	-	304,210
Minority interest	-	-	-	1,372,125
Unrestricted	<u>15,132,486</u>	<u>13,258,072</u>	<u>28,390,558</u>	<u>4,672,477</u>
Total Net Assets	<u>\$ 304,587,902</u>	<u>\$ 102,614,902</u>	<u>\$ 407,202,804</u>	<u>\$ 11,694,074</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
Public safety	\$ 18,892,980	\$ 1,809,481	\$ 667,207	\$ 21,720
Public works	16,390,322	3,370,291	4,978,514	6,841,510
Health and social services	678,748	101,317	78,119	-
Culture and recreation	9,627,505	2,218,315	105,083	11,343
Community and economic development	8,541,167	294,686	7,043,298	7,000
General government	3,868,687	499,917	30,189	-
Interest on long-term debt	1,460,730	-	-	-
Total governmental activities	<u>59,460,139</u>	<u>8,294,007</u>	<u>12,902,410</u>	<u>6,881,573</u>
Business-type activities				
Sewage disposal works	5,298,353	5,077,491	-	369,182
Water utility	4,700,483	4,669,340	-	239,864
Stormwater utility	1,153,628	928,850	-	718,172
Parking facilities	1,629,427	1,886,642	-	-
America's River Project	82,617	51,373	-	1,406,887
Refuse collection	2,463,795	2,397,525	12,595	-
Transit system	2,555,080	341,743	908,167	35,552
Total business-type activities	<u>17,883,383</u>	<u>15,352,964</u>	<u>920,762</u>	<u>2,769,657</u>
Total primary government	<u>\$ 77,343,522</u>	<u>\$ 23,646,971</u>	<u>\$ 13,823,172</u>	<u>\$ 9,651,230</u>
Component unit				
Dubuque Metropolitan Area Solid Waste Agency	<u>\$ 2,655,030</u>	<u>\$ 2,815,992</u>	<u>\$ 4,557</u>	<u>\$ -</u>

General revenues
Property taxes
Local option sales tax
Hotel/motel tax
Utility franchise fees
Gaming
Unrestricted investment earnings
Gain on sale of capital assets
Other
Transfers
Total general revenues and transfers
Change in net assets
Net assets, beginning, as restated
Net assets, ending

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
\$ (16,394,572)	\$ -	\$ (16,394,572)	\$ -
(1,200,007)	-	(1,200,007)	-
(499,312)	-	(499,312)	-
(7,292,764)	-	(7,292,764)	-
(1,196,183)	-	(1,196,183)	-
(3,338,581)	-	(3,338,581)	-
(1,460,730)	-	(1,460,730)	-
<u>(31,382,149)</u>	<u>-</u>	<u>(31,382,149)</u>	<u>-</u>
-	148,320	148,320	-
-	208,721	208,721	-
-	493,394	493,394	-
-	257,215	257,215	-
-	1,375,643	1,375,643	-
-	(53,675)	(53,675)	-
-	<u>(1,269,618)</u>	<u>(1,269,618)</u>	<u>-</u>
-	1,160,000	1,160,000	-
<u>(31,382,149)</u>	<u>1,160,000</u>	<u>(30,222,149)</u>	<u>-</u>
-	-	-	165,519
19,716,620	-	19,716,620	-
7,336,124	-	7,336,124	-
1,862,439	-	1,862,439	-
1,521,201	-	1,521,201	-
14,034,847	-	14,034,847	-
1,081,141	339,599	1,420,740	388,070
77,627	703	78,330	-
572,602	-	572,602	-
5,033,974	<u>(5,033,974)</u>	<u>-</u>	<u>-</u>
<u>51,236,575</u>	<u>(4,693,672)</u>	<u>46,542,903</u>	<u>388,070</u>
19,854,426	<u>(3,533,672)</u>	16,320,754	553,589
<u>284,733,476</u>	<u>106,148,574</u>	<u>390,882,050</u>	<u>11,140,485</u>
<u>\$ 304,587,902</u>	<u>\$ 102,614,902</u>	<u>\$ 407,202,804</u>	<u>\$ 11,694,074</u>

CITY OF DUBUQUE, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

EXHIBIT 3

	General	Special Revenue		Capital Projects	Other	Total
		Employee Benefits	Community Development	Street Construction	Governmental Funds	
ASSETS						
Cash and pooled cash investments	\$ 14,382,050	\$ 89,292	\$ 2,744,185	\$ -	\$ 10,092,376	\$ 27,307,903
Receivables						
Property tax						
Delinquent	161,090	18,958	-	-	4,371	184,419
Succeeding year	14,872,772	1,946,547	-	-	366,796	17,186,115
Accounts and other	1,903,881	-	-	-	28,255	1,932,136
Special assessments	-	-	-	-	101,391	101,391
Accrued interest	202,260	-	66,048	-	37,008	305,316
Notes	-	-	10,222,660	-	3,839	10,226,499
Intergovernmental	1,108,187	-	113,842	2,138,106	1,685,591	5,045,726
Due from other funds	1,434,096	-	-	-	-	1,434,096
Inventories	127,447	-	-	-	-	127,447
Advances to other funds	338,538	-	-	-	-	338,538
Prepaid items	5,425	-	6,431	-	-	11,856
Restricted cash and pooled cash investments	-	-	-	-	368,928	368,928
Total Assets	<u>\$ 34,535,746</u>	<u>\$ 2,054,797</u>	<u>\$ 13,153,166</u>	<u>\$ 2,138,106</u>	<u>\$ 12,688,555</u>	<u>\$ 64,570,370</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 732,262	\$ -	\$ 56,371	\$ 528,311	\$ 396,399	\$ 1,713,343
Accrued payroll	626,727	-	20,658	-	62,883	710,268
Intergovernmental payable	-	-	-	-	23,674	23,674
Due to other funds	-	-	-	1,161,907	248,799	1,410,706
Deferred revenue						
Succeeding year property tax	14,872,772	1,946,547	-	-	366,796	17,186,115
Other	775,847	2,720	-	1,774,981	1,500,972	4,054,520
Total Liabilities	<u>17,007,608</u>	<u>1,949,267</u>	<u>77,029</u>	<u>3,465,199</u>	<u>2,599,523</u>	<u>25,098,626</u>
FUND BALANCES						
Reserved for/by						
Encumbrances	1,138,603	-	530,689	4,086,446	1,136,572	6,892,310
Long-term notes receivable	-	-	9,534,355	-	1,639	9,535,994
Advances	338,538	-	-	-	-	338,538
Bond ordinance	-	-	-	-	247,456	247,456
Debt service	-	-	-	-	3,136	3,136
Franchise agreement	-	-	-	-	1,332	1,332
Endowments	-	-	-	-	22,391	22,391
Unreserved						
Designated for						
Future equipment and capital maintenance	7,403,000	-	-	-	-	7,403,000
Future cash flow	3,369,157	-	-	-	-	3,369,157
Undesignated reported in						
General fund	5,278,840	-	-	-	-	5,278,840
Special revenue funds	-	105,530	3,011,093	-	4,160,848	7,277,471
Capital projects funds	-	-	-	(5,413,539)	4,432,291	(981,248)
Permanent funds	-	-	-	-	83,367	83,367
Total Fund Balances	<u>17,528,138</u>	<u>105,530</u>	<u>13,076,137</u>	<u>(1,327,093)</u>	<u>10,089,032</u>	<u>39,471,744</u>
Total Liabilities and Fund Balances	<u>\$ 34,535,746</u>	<u>\$ 2,054,797</u>	<u>\$ 13,153,166</u>	<u>\$ 2,138,106</u>	<u>\$ 12,688,555</u>	<u>\$ 64,570,370</u>

See notes to financial statements.

CITY OF DUBUQUE, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

EXHIBIT 3-1

Total fund balances - governmental funds \$ 39,471,744

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of capital assets	\$ 363,001,298	
Accumulated depreciation	<u>(73,081,881)</u>	
		289,919,417

Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. Those revenues consist of:

Property tax	26,456	
Special assessments	64,630	
Other	<u>3,374,397</u>	
		3,465,483

Internal service funds are used by the City's management to charge the costs of equipment maintenance and self-insurance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

1,798,333

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

General obligation bonds	(24,036,627)	
Tax increment financing bonds	(3,040,304)	
Notes payable	(590,439)	
Accrued interest	(97,048)	
Compensated absences	<u>(2,302,657)</u>	
		<u>(30,067,075)</u>

Net assets of governmental activities \$ 304,587,902

CITY OF DUBUQUE, IOWA

EXHIBIT 4

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

	Special Revenue		Capital Projects	Other	Total	
	General	Employee Benefits	Community Development	Street Construction		Governmental Funds
REVENUES						
Taxes	\$ 20,794,000	\$ 1,657,060	\$ -	\$ 2,200,837	\$ 5,391,270	\$ 30,043,167
Special assessments	-	-	-	-	322,214	322,214
Licenses and permits	965,712	-	-	-	-	965,712
Intergovernmental	1,325,882	-	2,649,992	812,462	10,233,386	15,021,722
Charges for services	6,434,423	-	-	-	185,820	6,620,243
Fines and forfeits	204,201	-	-	-	-	204,201
Investment earnings	666,925	-	154,151	-	275,369	1,096,445
Contributions	192,945	-	-	-	53,963	246,908
Gaming	14,034,847	-	-	-	-	14,034,847
Miscellaneous	418,991	2	16,626	16,810	654,562	1,106,991
Total Revenues	45,037,926	1,657,062	2,820,769	3,030,109	17,116,584	69,662,450
EXPENDITURES						
Current						
Public safety	19,461,358	-	-	-	74,011	19,535,369
Public works	7,071,723	-	125,231	-	4,408,613	11,605,567
Health and social services	606,902	-	85,296	-	23,400	715,598
Culture and recreation	9,827,169	-	120,237	-	51,056	9,998,462
Community and economic development	1,988,867	-	3,184,355	-	4,808,423	9,981,645
General government	3,643,109	127	-	-	447,630	4,090,866
Debt service	54,281	-	-	-	2,765,193	2,819,474
Capital projects	-	-	-	7,390,419	7,137,921	14,528,340
Total Expenditures	42,653,409	127	3,515,119	7,390,419	19,716,247	73,275,321
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,384,517	1,656,935	(694,350)	(4,360,310)	(2,599,663)	(3,612,871)
OTHER FINANCING SOURCES (USES)						
Issuance of bonds	-	-	-	-	13,682	13,682
Issuance of refunding bonds	-	-	-	-	1,515,750	1,515,750
Payment to refunded bond escrow agent	-	-	-	-	(1,494,371)	(1,494,371)
Transfers in	3,254,436	-	200,000	741,069	3,139,100	7,334,605
Transfers out	(5,136,893)	(1,662,114)	-	(256,099)	(4,849,784)	(11,904,890)
Sale of capital assets	150,491	-	-	-	-	150,491
Total Other Financing Sources (Uses)	(1,731,966)	(1,662,114)	200,000	484,970	(1,675,623)	(4,384,733)
NET CHANGE IN FUND BALANCES	652,551	(5,179)	(494,350)	(3,875,340)	(4,275,286)	(7,997,604)
FUND BALANCES, BEGINNING	16,875,587	110,709	13,570,487	2,548,247	14,364,318	47,469,348
FUND BALANCES (DEFICIT), ENDING	\$ 17,528,138	\$ 105,530	\$ 13,076,137	\$ (1,327,093)	\$ 10,089,032	\$ 39,471,744

See notes to financial statements.

CITY OF DUBUQUE, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT 4-1

Net change in fund balances - total governmental funds \$ (7,997,604)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital assets expended in governmental funds	\$ 16,816,445	
Transfers of capital assets from enterprise funds	9,686,960	
Transfers of capital assets to enterprise funds	(82,701)	
Contributions from developers	2,007,515	
Depreciation expense	<u>(5,800,252)</u>	
		22,627,967

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the book value of the asset being disposed. (72,864)

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

Property tax	620	
Special assessments	(317,755)	
Other	<u>2,850,133</u>	
		2,532,998

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. Also, governmental funds report the effect of issuance discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt proceeds	(1,529,432)	
Debt repayments	2,765,968	
Deferred amount on refunding	<u>75,750</u>	
		1,312,286

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

Decrease in accrued interest	37,160	
Amortization of bond discount	(4,386)	
Decrease in compensated absences	<u>22,627</u>	
Total additional expenses		55,401

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.

1,396,242

Change in net assets of governmental activities \$ 19,854,426

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	\$ 5,669,213	\$ 1,454,506	\$ 5,897,857	\$ 1,995,705
Receivables				
Accounts	924,972	690,940	108,580	96,894
Accrued interest	33,983	11,722	23,743	13,027
Intergovernmental	-	-	-	-
Inventories	-	419,929	-	-
Prepaid items	5,339	-	-	-
Total Current Assets	<u>6,633,507</u>	<u>2,577,097</u>	<u>6,030,180</u>	<u>2,105,626</u>
NONCURRENT ASSETS				
Restricted cash and pooled cash investments	-	-	-	554,294
Capital assets				
Land	167,855	37,449	1,827,344	1,296,209
Buildings	31,590,936	7,350,936	-	19,055,518
Improvements other than buildings	28,033,078	520,295	24,888,742	237,121
Machinery and equipment	6,787,936	32,445,453	907,215	589,505
Construction in progress	481,340	356,798	1,344,004	835,125
Accumulated depreciation	<u>(34,717,301)</u>	<u>(17,350,941)</u>	<u>(7,226,252)</u>	<u>(6,374,176)</u>
Net Capital Assets	<u>32,343,844</u>	<u>23,359,990</u>	<u>21,741,053</u>	<u>15,639,302</u>
Total Noncurrent Assets	<u>32,343,844</u>	<u>23,359,990</u>	<u>21,741,053</u>	<u>16,193,596</u>
Total Assets	<u>38,977,351</u>	<u>25,937,087</u>	<u>27,771,233</u>	<u>18,299,222</u>

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ 763,426	\$ 601,006	\$ 16,381,713	\$ 2,801,281
32,141	250,491	2,104,018	6,407
-	2,030	84,505	16,004
-	41,267	41,267	-
-	20,087	440,016	36,149
-	-	5,339	-
<u>795,567</u>	<u>914,881</u>	<u>19,056,858</u>	<u>2,859,841</u>
-	-	554,294	-
-	36,000	3,364,857	-
-	1,887,564	59,884,954	-
-	-	53,679,236	-
-	5,483,671	46,213,780	93,633
793,967	-	3,811,234	-
-	(3,997,138)	(69,665,808)	(57,718)
<u>793,967</u>	<u>3,410,097</u>	<u>97,288,253</u>	<u>35,915</u>
<u>793,967</u>	<u>3,410,097</u>	<u>97,842,547</u>	<u>35,915</u>
<u>1,589,534</u>	<u>4,324,978</u>	<u>116,899,405</u>	<u>2,895,756</u>

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 205,135	\$ 130,788	\$ 113,172	\$ 446,345
Accrued payroll	41,313	39,950	-	12,826
General obligation bonds payable	-	150,000	240,000	155,000
Revenue bonds payable	-	-	-	220,000
Accrued compensated absences	91,159	98,986	3,419	28,028
Accrued interest payable	-	5,999	30,988	28,122
Due to other funds	-	-	-	-
Advances from other funds	-	338,538	-	-
Total Current Liabilities	<u>337,607</u>	<u>764,261</u>	<u>387,579</u>	<u>890,321</u>
NONCURRENT LIABILITIES				
General obligation bonds payable (net of discount of \$65,663 and deferred amount on refunding of \$124,875)	-	1,749,119	6,141,961	2,992,632
Revenue bonds payable	-	-	-	720,000
Total Noncurrent Liabilities	<u>-</u>	<u>1,749,119</u>	<u>6,141,961</u>	<u>3,712,632</u>
Total Liabilities	<u>337,607</u>	<u>2,513,380</u>	<u>6,529,540</u>	<u>4,602,953</u>
NET ASSETS				
Invested in capital assets, net of related debt	32,343,844	21,460,871	18,533,226	12,260,531
Restricted by bond ordinance	-	-	-	554,294
Unrestricted	6,295,900	1,962,836	2,708,467	881,444
Total Net Assets	<u>\$ 38,639,744</u>	<u>\$ 23,423,707</u>	<u>\$ 21,241,693</u>	<u>\$ 13,696,269</u>

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Governmental</u>
<u>America's</u>	<u>Other</u>		<u>Activities-</u>
<u>River</u>	<u>Enterprise</u>		<u>Internal</u>
<u>Project</u>	<u>Funds</u>	<u>Total</u>	<u>Service Funds</u>
\$ 90,389	\$ 35,464	\$ 1,021,293	\$ 1,019,079
-	81,870	175,959	54,954
-	-	545,000	-
-	-	220,000	-
-	93,300	314,892	-
-	-	65,109	-
-	-	-	23,390
-	-	338,538	-
<u>90,389</u>	<u>210,634</u>	<u>2,680,791</u>	<u>1,097,423</u>
-	-	10,883,712	-
-	-	720,000	-
-	-	<u>11,603,712</u>	-
<u>90,389</u>	<u>210,634</u>	<u>14,284,503</u>	<u>1,097,423</u>
793,967	3,410,097	88,802,536	35,915
-	-	554,294	-
<u>705,178</u>	<u>704,247</u>	<u>13,258,072</u>	<u>1,762,418</u>
<u>\$ 1,499,145</u>	<u>\$ 4,114,344</u>	<u>\$ 102,614,902</u>	<u>\$ 1,798,333</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
OPERATING REVENUES				
Charges for sales and services	\$ 5,044,407	\$ 4,625,147	\$ 921,967	\$ 1,886,623
Other	33,084	44,193	6,883	19
Total Operating Revenues	<u>5,077,491</u>	<u>4,669,340</u>	<u>928,850</u>	<u>1,886,642</u>
OPERATING EXPENSES				
Employee expense	1,792,774	1,770,371	119,555	642,696
Utilities	511,189	545,442	-	91,004
Repairs and maintenance	267,857	99,697	-	41,622
Supplies and services	1,527,789	1,282,324	530,201	166,164
Insurance	94,024	83,629	-	35,528
Depreciation	1,104,720	822,210	338,070	440,158
Total Operating Expenses	<u>5,298,353</u>	<u>4,603,673</u>	<u>987,826</u>	<u>1,417,172</u>
OPERATING INCOME (LOSS)	<u>(220,862)</u>	<u>65,667</u>	<u>(58,976)</u>	<u>469,470</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	-	-
Investment earnings	123,444	36,827	124,096	46,338
Contributions	10,111	481	-	-
Interest expense	-	(96,810)	(165,802)	(212,255)
Gain on disposal of assets	196	507	-	-
Total Nonoperating Revenues (Expenses)	<u>133,751</u>	<u>(58,995)</u>	<u>(41,706)</u>	<u>(165,917)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS				
	(87,111)	6,672	(100,682)	303,553
CAPITAL CONTRIBUTIONS				
	377,000	271,769	750,558	-
TRANSFERS IN				
	140,659	10,000	985,488	-
TRANSFERS OUT				
	<u>(71,241)</u>	<u>(148,063)</u>	<u>(1,804,437)</u>	<u>(1,819)</u>
CHANGE IN NET ASSETS	359,307	140,378	(169,073)	301,734
NET ASSETS, BEGINNING, AS RESTATED	<u>38,280,437</u>	<u>23,283,329</u>	<u>21,410,766</u>	<u>13,394,535</u>
NET ASSETS, ENDING	<u>\$ 38,639,744</u>	<u>\$ 23,423,707</u>	<u>\$ 21,241,693</u>	<u>\$ 13,696,269</u>

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 2,730,208	\$ 15,208,352	\$ 9,085,303
51,373	9,060	144,612	71,851
<u>51,373</u>	<u>2,739,268</u>	<u>15,352,964</u>	<u>9,157,154</u>
-	2,837,370	7,162,766	1,856,385
-	72,258	1,219,893	30,338
-	512,079	921,255	10,665
82,617	921,186	4,510,281	5,486,463
-	69,900	283,081	427,692
-	606,082	3,311,240	10,371
<u>82,617</u>	<u>5,018,875</u>	<u>17,408,516</u>	<u>7,821,914</u>
<u>(31,244)</u>	<u>(2,279,607)</u>	<u>(2,055,552)</u>	<u>1,335,240</u>
1,077,093	956,314	2,033,407	-
-	8,894	339,599	59,559
329,794	-	340,386	-
-	-	(474,867)	-
-	-	703	1,443
<u>1,406,887</u>	<u>965,208</u>	<u>2,239,228</u>	<u>61,002</u>
1,375,643	(1,314,399)	183,676	1,396,242
-	-	1,399,327	-
5,257,998	710,543	7,104,688	-
<u>(9,737,534)</u>	<u>(458,269)</u>	<u>(12,221,363)</u>	<u>-</u>
(3,103,893)	(1,062,125)	(3,533,672)	1,396,242
<u>4,603,038</u>	<u>5,176,469</u>	<u>106,148,574</u>	<u>402,091</u>
<u>\$ 1,499,145</u>	<u>\$ 4,114,344</u>	<u>\$ 102,614,902</u>	<u>\$ 1,798,333</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 5,082,526	\$ 4,635,415	\$ 906,888	\$ 1,837,104
Cash payments to suppliers for goods and services	(2,362,121)	(2,038,098)	(433,649)	(320,460)
Cash payments to employees for services	(1,783,267)	(1,750,761)	(116,136)	(649,820)
Other operating receipts	33,084	44,193	6,883	19
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>970,222</u>	<u>890,749</u>	<u>363,986</u>	<u>866,843</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	140,659	10,000	985,488	-
Transfers to other funds	(71,241)	(148,063)	(1,804,437)	(1,819)
Proceeds from interfund balances	-	201,213	-	-
Payment of interfund balances	-	(38,816)	-	-
Intergovernmental grant proceeds	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>69,418</u>	<u>24,334</u>	<u>(818,949)</u>	<u>(1,819)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	196	507	-	-
Acquisition and construction of capital assets	(330,920)	(489,621)	(1,186,142)	(403,862)
Proceeds from issuance of debt	-	-	2,871,000	2,902,493
Payment of debt	-	(145,000)	(135,000)	(2,314,272)
Interest paid	-	(97,097)	(153,545)	(191,154)
Contributions	10,111	481	-	-
Intergovernmental grant proceeds	-	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(320,613)</u>	<u>(730,730)</u>	<u>1,396,313</u>	<u>(6,795)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>119,311</u>	<u>38,032</u>	<u>122,866</u>	<u>43,932</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>838,338</u>	<u>222,385</u>	<u>1,064,216</u>	<u>902,161</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>4,830,875</u>	<u>1,232,121</u>	<u>4,833,641</u>	<u>1,647,838</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 5,669,213</u>	<u>\$ 1,454,506</u>	<u>\$ 5,897,857</u>	<u>\$ 2,549,999</u>

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 2,750,314	\$ 15,212,247	\$ 9,187,167
(82,617)	(1,613,984)	(6,850,929)	(6,200,648)
-	(2,817,028)	(7,117,012)	(1,845,068)
<u>51,373</u>	<u>9,060</u>	<u>144,612</u>	<u>71,851</u>
<u>(31,244)</u>	<u>(1,671,638)</u>	<u>1,388,918</u>	<u>1,213,302</u>
5,257,998	710,543	7,104,688	-
(50,574)	(458,269)	(2,534,403)	-
-	-	201,213	-
-	-	(38,816)	(14,921)
<u>-</u>	<u>1,495,820</u>	<u>1,495,820</u>	<u>-</u>
<u>5,207,424</u>	<u>1,748,094</u>	<u>6,228,502</u>	<u>(14,921)</u>
-	-	703	1,443
(5,820,645)	-	(8,231,190)	-
-	-	5,773,493	-
-	-	(2,594,272)	-
-	-	(441,796)	-
329,794	-	340,386	-
<u>1,077,093</u>	<u>-</u>	<u>1,077,093</u>	<u>-</u>
<u>(4,413,758)</u>	<u>-</u>	<u>(4,075,583)</u>	<u>1,443</u>
<u>3</u>	<u>6,864</u>	<u>331,008</u>	<u>52,328</u>
762,425	83,320	3,872,845	1,252,152
<u>1,001</u>	<u>517,686</u>	<u>13,063,162</u>	<u>1,549,129</u>
<u>\$ 763,426</u>	<u>\$ 601,006</u>	<u>\$ 16,936,007</u>	<u>\$ 2,801,281</u>

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (220,862)	\$ 65,667	\$ (58,976)	\$ 469,470
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	1,104,720	822,210	338,070	440,158
Change in assets and liabilities				
(Increase) decrease in receivables	38,119	10,268	(15,079)	(49,519)
(Increase) decrease in inventories and prepaid items	(302)	(32,050)	-	-
Increase (decrease) in accounts payable	39,040	5,044	96,552	13,858
Increase (decrease) in accrued liabilities	9,507	19,610	3,419	(7,124)
Total Adjustments	1,191,084	825,082	422,962	397,373
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 970,222	\$ 890,749	\$ 363,986	\$ 866,843
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets from other funds and outside sources	\$ 377,000	\$ 271,769	\$ 750,558	\$ -
Contributions of capital assets to other funds	\$ -	\$ -	\$ -	\$ -

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ (31,244)	\$ (2,279,607)	\$ (2,055,552)	\$ 1,335,240
-	606,082	3,311,240	10,371
-	20,106	3,895	101,864
-	(9,684)	(42,036)	53,632
-	(28,877)	125,617	(299,122)
-	20,342	45,754	11,317
-	607,969	3,444,470	(121,938)
\$ (31,244)	\$ (1,671,638)	\$ 1,388,918	\$ 1,213,302
\$ -	\$ -	\$ 1,399,327	\$ -
\$ 9,686,960	\$ -	\$ 9,686,960	\$ -

CITY OF DUBUQUE, IOWA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2006

EXHIBIT 8

ASSETS

Cash and pooled cash investments	\$ 1,015,039
Accrued interest	<u>4,949</u>

Total Assets	<u>\$ 1,019,988</u>
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LIABILITIES

Accounts payable	\$ 4,420
Due to other agency	<u>1,015,568</u>

Total Liabilities	<u>\$ 1,019,988</u>
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CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Discretely Presented Component Unit

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

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

Jointly Governed Organizations

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

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

Government-wide and Fund Financial Statements

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

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

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

The *Street Construction Fund* is used to account for the resources and costs related to street capital improvements.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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

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

Assets, Liabilities, and Equity

Deposits and Investments

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

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

Receivables and Payables

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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 billings are due September 1 and March 1. On September 30 and March 31, the bill becomes delinquent, and penalties and interest may be assessed by the government.

Inventories and Prepaid Items

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

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

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

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

Restricted Assets

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets and in the proprietary funds statement of net assets. Capital assets are defined by the government as assets with an initial, individual cost of more than \$100,000 for infrastructure assets, \$20,000 for building assets, and \$10,000 for the remaining assets, and an estimated useful life of more than a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend assets lives are not capitalized. All of the City's infrastructure has been recorded, including infrastructure acquired prior to June 30, 1980.

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

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

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

Compensated Absences

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

Long-term Obligations

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Equity

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

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

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements did not exceed the amounts budgeted in any function.

NOTE 2 – DEFICIT FUND EQUITY

The following fund had a deficit fund balance amount as of June 30, 2006:

Capital Projects	
Street Construction	\$ 1,327,093

This deficit balance is the result of project cost in excess of available funds. This deficit will be eliminated upon collection of the grant proceeds.

NOTE 3 – CASH ON HAND, DEPOSITS, AND INVESTMENTS

Cash on Hand. Cash on hand represents authorized change funds and petty cash funds used for current operating purposes. The carrying amount at year-end was \$14,525 for the City and \$450 for the Dubuque Metropolitan Area Solid Waste Agency.

Deposits. At year-end, the City's carrying amount of deposits was \$26,258,552 and the bank balance was \$27,430,908. The City's deposits in banks at June 30, 2006, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was \$8,645,013 and the bank balance was \$8,824,239. The Agency's deposits in banks at June 30, 2006, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Investments. As of June 30, 2006, the City had the following investments and maturities. (The City assumes callable bonds will not be called):

Investment Type	Investment Maturities (In Years)				Total
	Less than 1	1 to 5	6 to 10	More than 10	
Mutual Funds –					
U.S. Treasury	\$ 762,232	\$ -	\$ -	\$ -	\$ 762,232
Mutual Funds –					
Federal Agency	223,258	-	-	-	223,258
U.S. Treasury Securities	-	488,363	-	-	488,363
Federal Agency Obligations	4,182,387	7,789,998	2,059,935	6,583,189	20,615,509
Corporate Stock	66,720	-	-	-	66,720
	<u>\$ 5,234,597</u>	<u>\$ 8,278,361</u>	<u>\$ 2,059,935</u>	<u>\$ 6,583,189</u>	<u>\$ 22,156,082</u>

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

Corporate stock was donated in 1957 to the City to establish the Ella Lyons Peony Trail Permanent Trust Fund.

Interest Rate Risk. The City’s investment policy limits the investments of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

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

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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

The Dubuque Metropolitan Area Solid Waste Agency had no investments at June 30, 2006.

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

Cash on hand	\$ 14,525
Carrying amount of deposits	26,258,552
Carrying amount of investments	<u>22,156,082</u>
Total	<u>\$ 48,429,159</u>
Government-wide	
Cash and pooled cash investments	\$ 46,490,898
Cash and pooled cash investments – temporarily restricted	900,831
Cash and pooled cash investments – permanently restricted	22,391
Fiduciary	
Cash and pooled cash investments	<u>1,015,039</u>
Total	<u>\$ 48,429,159</u>

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

Cash on hand	\$ 450
Carrying amount of deposits	<u>8,645,013</u>
Total	<u>\$ 8,645,463</u>
Cash and pooled cash investments	\$ 5,135,415
Cash and pooled cash investments – temporarily restricted	<u>3,510,048</u>
Total	<u>\$ 8,645,463</u>

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2006, include amounts due to/from other funds and advances due to/from other funds. Due to/from other funds balances represent amounts due to the general fund from the street construction fund (\$1,161,907), nonmajor governmental funds (\$248,799), and the internal service funds (\$23,390), for deficit pooled cash balances. Advances to/from other fund balance of \$338,538 represent amounts due to the general fund from the water utility fund for a construction loan.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Interfund transfers for the year ended June 30, 2006, consisted of the following:

	Transfer from					
	General	Employee Benefits	Street Construction	Nonmajor Governmental Funds	Sewage Disposal Works	Water Utility
Transfer to						
General	\$ -	\$ 1,662,114	\$ 249,759	\$ 822,287	\$ 65,089	\$ -
Community development	200,000	-	-	-	-	-
Street construction	-	-	-	620,385	-	120,684
Nonmajor governmental	1,111,691	-	6,340	173,246	-	27,379
Sewage disposal works	25,000	-	-	115,659	-	-
Water utility	-	-	-	10,000	-	-
Stormwater utility	713,914	-	-	271,000	-	-
America's River Project	2,375,745	-	-	2,837,207	6,152	-
Nonmajor enterprise	710,543	-	-	-	-	-
	<u>\$ 5,136,893</u>	<u>\$ 1,662,114</u>	<u>\$ 256,099</u>	<u>\$ 4,849,784</u>	<u>\$ 71,241</u>	<u>\$ 148,063</u>

	Transfer from				
	Stormwater Utility	Parking Facilities	America's River Project	Nonmajor Enterprise Funds	Total
Transfer to					
General	\$ 15,543	\$ -	\$ -	\$ 439,644	\$ 3,254,436
Community development	-	-	-	-	200,000
Street construction	-	-	-	-	741,069
Nonmajor governmental	1,750,000	1,819	50,000	18,625	3,139,100
Sewage disposal works	-	-	-	-	140,659
Water utility	-	-	-	-	10,000
Stormwater utility	-	-	574	-	985,488
America's River Project	38,894	-	-	-	5,257,998
Nonmajor enterprise	-	-	-	-	710,543
	<u>\$ 1,804,437</u>	<u>\$ 1,819</u>	<u>\$ 50,574</u>	<u>\$ 458,269</u>	<u>14,439,293</u>

Transfer to governmental activities capital assets from America's River Project 9,686,960
\$ 24,126,253

CITY OF DUBUQUE, IOWA
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In the fund financial statements, total transfers out of \$24,126,253 are greater than total transfers in of \$14,439,293 because of the treatment of transfers of capital assets to the governmental activities capital assets. During the year, capital assets related to America's River Project, with a book value of \$9,686,960 were transferred to governmental activities capital assets. No amounts were reported in the governmental funds as the amounts did not involve the transfer of financial resources. However, America's River Project did report a transfer out for the capital resources given.

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

During the year ended June 30, 2006, according to grant requirements the City made various transfers into the America's River Project Fund to finance capital assets. When completed, these capital assets are transferred to their respective fund.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006, was as follows:

Primary Government:

Governmental activities:

	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:						
Land	\$ 52,513,574	\$ 640,202	\$ -	\$ -	\$ (30,299)	\$ 53,123,477
Construction in progress	<u>18,594,470</u>	<u>108,756</u>	<u>(803,263)</u>	<u>15,817,806</u>	<u>(17,629,267)</u>	<u>16,088,502</u>
Total capital assets, not being depreciated	<u>71,108,044</u>	<u>748,958</u>	<u>(803,263)</u>	<u>15,817,806</u>	<u>(17,659,566)</u>	<u>69,211,979</u>
Capital assets, being depreciated:						
Buildings	67,601,837	1,847,620	-	14,048,089	(200,936)	83,296,610
Improvements other than buildings	10,304,947	1,840,677	-	1,595,224	(57,086)	13,683,762
Machinery and equipment	21,652,249	1,523,120	(21,954)	2,142,578	(1,748,475)	23,547,518
Infrastructure	<u>166,714,268</u>	<u>4,469,101</u>	<u>-</u>	<u>2,849,529</u>	<u>(677,836)</u>	<u>173,355,062</u>
Total capital assets, being depreciated	<u>266,273,301</u>	<u>9,680,518</u>	<u>(21,954)</u>	<u>20,635,420</u>	<u>(2,684,333)</u>	<u>293,882,952</u>

CITY OF DUBUQUE, IOWA
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	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:						
Buildings	\$ (17,881,350)	\$ -	\$ -	\$ (1,041,376)	\$ 118,622	\$ (18,804,104)
Improvements other than buildings	(3,783,899)	-	-	(346,678)	87,296	(4,043,281)
Machinery and equipment	(9,271,310)	(19,515)	19,515	(2,026,019)	1,222,984	(10,074,345)
Infrastructure	<u>(38,468,270)</u>	<u>-</u>	<u>-</u>	<u>(2,396,550)</u>	<u>646,951</u>	<u>(40,217,869)</u>
Total accumulated depreciation	<u>(69,404,829)</u>	<u>(19,515)</u>	<u>19,515</u>	<u>(5,810,623)</u>	<u>2,075,853</u>	<u>(73,139,599)</u>
Total capital assets, being depreciated, net	<u>196,868,472</u>	<u>9,661,003</u>	<u>(2,439)</u>	<u>14,824,797</u>	<u>(608,480)</u>	<u>220,743,353</u>
Governmental activities capital assets, net	<u>\$ 267,976,516</u>	<u>\$ 10,409,961</u>	<u>\$ (805,702)</u>	<u>\$ 30,642,603</u>	<u>\$ (18,268,046)</u>	<u>\$ 289,955,332</u>

Business-type activities:

	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:						
Land	\$ 3,411,921	\$ -	\$ -	\$ -	\$ (47,064)	\$ 3,364,857
Construction in progress	<u>6,223,942</u>	<u>-</u>	<u>(9,686,960)</u>	<u>8,071,032</u>	<u>(796,780)</u>	<u>3,811,234</u>
Total capital assets, not being depreciated	<u>9,635,863</u>	<u>-</u>	<u>(9,686,960)</u>	<u>8,071,032</u>	<u>(843,844)</u>	<u>7,176,091</u>
Capital assets, being depreciated:						
Buildings	59,932,136	-	-	-	(47,182)	59,884,954
Improvements other than buildings	52,580,851	32,386	-	1,275,606	(209,607)	53,679,236
Machinery and equipment	<u>45,987,759</u>	<u>50,315</u>	<u>-</u>	<u>1,004,596</u>	<u>(828,890)</u>	<u>46,213,780</u>
Total capital assets, being depreciated	<u>158,500,746</u>	<u>82,701</u>	<u>-</u>	<u>2,280,202</u>	<u>(1,085,679)</u>	<u>159,777,970</u>
Less accumulated depreciation for:						
Buildings	(35,094,417)	-	-	(941,939)	34,553	(36,001,803)
Improvements other than buildings	(14,141,726)	-	-	(949,092)	160,245	(14,930,573)
Machinery and equipment	<u>(17,959,595)</u>	<u>-</u>	<u>-</u>	<u>(1,420,209)</u>	<u>646,372</u>	<u>(18,733,432)</u>
Total accumulated depreciation	<u>(67,195,738)</u>	<u>-</u>	<u>-</u>	<u>(3,311,240)</u>	<u>841,170</u>	<u>(69,665,808)</u>
Total capital assets, being depreciated, net	<u>91,305,008</u>	<u>82,701</u>	<u>-</u>	<u>(1,031,038)</u>	<u>(244,509)</u>	<u>90,112,162</u>
Business-type activities capital assets, net	<u>\$ 100,940,871</u>	<u>\$ 82,701</u>	<u>\$ (9,686,960)</u>	<u>\$ 7,039,994</u>	<u>\$ (1,088,353)</u>	<u>\$ 97,288,253</u>

(continued on next page)

CITY OF DUBUQUE, IOWA
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JUNE 30, 2006

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

Governmental activities:	
Public safety	\$ 502,348
Public works	3,755,114
Health and social services	6,145
Culture and recreation	1,430,275
Community and economic development	18,698
General government	87,672
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	<u>10,371</u>
Total depreciation expense – governmental activities	<u>\$ 5,810,623</u>

Business-type activities:	
Sewage disposal works	\$ 1,104,720
Water utility	822,210
Stormwater utility	338,070
Parking facilities	440,158
Refuse collection	194,984
Transit system	<u>411,098</u>
Total depreciation expense – business-type activities	<u>\$ 3,311,240</u>

Component Unit:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Dubuque Metropolitan Area Solid Waste Agency:				
Capital assets, not being depreciated:				
Land	\$ 1,003,524	\$ 582,568	\$ -	\$ 1,586,092
Construction in progress	<u>-</u>	<u>1,099,564</u>	<u>(1,099,564)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,003,524</u>	<u>1,682,132</u>	<u>(1,099,564)</u>	<u>1,586,092</u>
Capital assets, being depreciated:				
Buildings	44,349	21,573	-	65,922
Improvements other than buildings	7,406,807	61,845	-	7,468,652
Machinery and equipment	<u>2,106,659</u>	<u>433,578</u>	<u>(36,082)</u>	<u>2,504,155</u>
Total capital assets, being depreciated	<u>9,557,815</u>	<u>516,996</u>	<u>(36,082)</u>	<u>10,038,729</u>
Less accumulated depreciation for:				
Buildings	(44,349)	(60)	-	(44,409)
Improvements other than buildings	(4,263,893)	(471,495)	-	(4,735,388)
Machinery and equipment	<u>(1,304,823)</u>	<u>(231,021)</u>	<u>36,082</u>	<u>(1,499,762)</u>
Total accumulated depreciation	<u>(5,613,065)</u>	<u>(702,576)</u>	<u>36,082</u>	<u>(6,279,559)</u>
Total capital assets, being depreciated, net	<u>3,944,750</u>	<u>(185,580)</u>	<u>-</u>	<u>3,759,170</u>
Dubuque Metropolitan Area Solid Waste Agency capital assets, net	<u>\$ 4,948,274</u>	<u>\$ 1,496,552</u>	<u>\$ (1,099,564)</u>	<u>\$ 5,345,262</u>

Depreciation expense of \$702,576 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 6 – LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$36,605,000. During the year, general obligation bonds totaling \$7,335,000 were issued to fund stormwater projects, parking ramp renovations, and refundings.

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, 2006, are as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
Corporate purpose	06/01/00	06/01/02-06/01/20	5.80%	\$ 2,750,000	\$ 360,000
Corporate purpose	11/01/00	06/01/02-06/01/20	5.13	6,265,000	3,690,000
Corporate purpose	12/27/01	06/01/05-06/01/21	4.00-4.90	9,500,000	8,650,000
Corporate purpose	01/09/02	06/01/04-06/01/21	4.00-4.95	2,860,000	2,460,000
Corporate purpose	03/26/02	06/01/03-06/01/21	4.00-5.00	1,000,000	865,000
Corporate purpose and refunding	12/03/02	06/01/03-06/01/17	3.00-4.30	3,105,000	1,900,000
Corporate purpose	10/15/03	06/01/04-06/01/23	3.20-4.75	2,110,000	1,845,000
Corporate purpose	04/18/05	06/01/06-06/01/24	2.75-5.00	9,015,000	8,680,000
Corporate purpose	04/03/06	06/01/07-06/01/25	3.80-4.20	2,900,000	2,900,000
Corporate purpose	04/03/06	06/01/07-06/01/21	3.55-4.20	910,000	910,000
Refunding	04/03/06	06/01/10-06/01/20	3.65-4.10	3,525,000	3,525,000
				<u>\$ 43,940,000</u>	<u>\$ 35,785,000</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,160,000	\$ 1,093,686	\$ 545,000	\$ 483,531
2008	1,220,000	1,040,754	575,000	444,458
2009	1,305,000	989,378	600,000	422,216
2010	1,445,950	933,727	579,050	398,478
2011	1,513,100	871,161	601,900	378,055
2012-2016	8,424,200	3,281,044	3,360,800	1,534,056
2017-2021	9,097,500	1,230,919	3,857,500	793,163
2022-2025	-	-	1,500,000	144,104
Total	<u>\$ 24,165,750</u>	<u>\$ 9,440,669</u>	<u>\$ 11,619,250</u>	<u>\$ 4,598,061</u>

CITY OF DUBUQUE, IOWA
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Tax Increment Financing Bonds. The City issues tax increment financing bonds to provide funds for urban renewal projects. The City pledges property tax revenues from the tax increment financing districts to pay debt service. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. The original amount of tax increment financing bonds issued in prior years was \$4,568,538. Tax increment financing bonds outstanding at June 30, 2006, are as follows:

	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
Advanced Data-Comm	03/18/99	12/31/01-06/30/11	6.0%	\$ 900,000	\$ 486,140
Cartegraph Systems	12/01/99	12/31/01-12/31/10	8.8	360,000	199,080
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1	3,168,538	2,224,680
Vessel Systems	12/30/03	12/30/05-06/30/15	8.0	140,000	130,404
				<u>\$ 4,568,538</u>	<u>\$ 3,040,304</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 445,449	\$ 250,531
2008	483,428	212,552
2009	524,724	171,256
2010	569,632	126,348
2011	489,176	78,322
2012-2015	<u>527,895</u>	<u>44,648</u>
Total	<u>\$ 3,040,304</u>	<u>\$ 883,657</u>

Revenue Bonds. The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Revenue bonds outstanding at June 30, 2006, are as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
Parking facilities	03/01/98	05/01/98-05/01/10	4.60-4.75%	<u>\$ 2,515,000</u>	<u>\$ 940,000</u>

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

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2007	\$ 220,000	\$ 43,970
2008	230,000	33,850
2009	240,000	23,155
2010	250,000	11,875
Total	\$ 940,000	\$ 112,850

Notes Payable. Notes payable have been issued to provide funds for economic development and for the purchase of capital assets. Notes payable at June 30, 2006, are as follows:

	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Adams Company	02/13/04	06/01/05-06/01/15	4.07%	\$ 500,000	\$ 409,091
Lower Main Development	06/30/04	12/31/06-06/30/16	8.00	182,000	181,348
				\$ 682,000	\$ 590,439

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2007	\$ 57,891	\$ 30,914
2008	58,905	28,049
2009	60,003	25,102
2010	61,190	22,064
2011	62,474	18,930
2012-2016	289,976	42,735
Total	\$ 590,439	\$ 167,794

Advance refunding. During May 2006, the City issued \$3,525,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$3,345,000 of general obligation bonds, which will remain outstanding until they are called on June 1, 2009. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$200,625. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$320,964 and resulted in an economic gain of \$254,192.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 24,960,000	\$ 1,515,750	\$ (2,310,000)	\$ 24,165,750	\$ 1,160,000
Less:					
Unamortized discounts	(57,759)	-	4,386	(53,373)	-
Deferred amount on refunding	<u>-</u>	<u>(75,750)</u>	<u>-</u>	<u>(75,750)</u>	<u>-</u>
Total general obligation bonds	24,902,241	1,440,000	(2,305,614)	24,036,627	1,160,000
Tax increment financing bonds	3,450,820	-	(410,516)	3,040,304	445,449
Notes payable	622,211	13,682	(45,454)	590,439	57,891
Compensated absences	<u>2,325,284</u>	<u>2,302,657</u>	<u>(2,325,284)</u>	<u>2,302,657</u>	<u>2,302,657</u>
	<u>\$ 31,300,556</u>	<u>\$ 3,756,339</u>	<u>\$ (5,086,868)</u>	<u>\$ 29,970,027</u>	<u>\$ 3,965,997</u>
Business-type activities:					
General obligation bonds	\$ 8,090,000	\$ 5,819,250	\$ (2,290,000)	\$ 11,619,250	\$ 545,000
Less:					
Unamortized discounts	(52,406)	(35,780)	22,523	(65,663)	-
Deferred amount on refunding	<u>-</u>	<u>(124,875)</u>	<u>-</u>	<u>(124,875)</u>	<u>-</u>
Total general obligation bonds	<u>8,037,594</u>	<u>5,658,595</u>	<u>(2,267,477)</u>	<u>11,428,712</u>	<u>545,000</u>
Revenue bonds	1,150,000	-	(210,000)	940,000	220,000
Less:					
Deferred amount on refunding	<u>(13,333)</u>	<u>-</u>	<u>13,333</u>	<u>-</u>	<u>-</u>
Total revenue bonds	<u>1,136,667</u>	<u>-</u>	<u>(196,667)</u>	<u>940,000</u>	<u>220,000</u>
Compensated absences	<u>287,153</u>	<u>314,892</u>	<u>(287,153)</u>	<u>314,892</u>	<u>314,892</u>
	<u>\$ 9,461,414</u>	<u>\$ 5,973,487</u>	<u>\$ (2,751,297)</u>	<u>\$ 12,683,604</u>	<u>\$ 1,079,892</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund, Community Development Fund, and Section VIII Housing Fund.

NOTE 7 – RISK MANAGEMENT

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

CITY OF DUBUQUE, IOWA
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The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents which is included in the Internal Service Fund Type. Health benefits were self-insured up to an individual stop loss amount of \$85,000, and an aggregate stop loss of \$6,285,122 for 2006. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop loss amount of \$450,000, and an aggregate stop loss consistent with statutory limits for 2006. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

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 \$657,846 in the Health Insurance Reserve Fund and \$356,082 in the Workers' Compensation Reserve Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in reported liabilities for the fiscal years ended June 30, 2005 and 2006, are summarized as follows:

	Health Insurance Reserve Fund	Workers' Compensation Reserve Fund
Liabilities at June 30, 2004	\$ 708,254	\$ 308,320
Claims and changes in estimates during fiscal year 2005	5,219,324	581,291
Claim payments	<u>(5,117,710)</u>	<u>(398,074)</u>
Liabilities at June 30, 2005	809,868	491,537
Claims and changes in estimates during fiscal year 2006	4,182,480	279,001
Claim payments	<u>(4,334,502)</u>	<u>(414,456)</u>
Liabilities at June 30, 2006	<u>\$ 657,846</u>	<u>\$ 356,082</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 531 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2006, were \$479,775.

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 \$350,000 per claim. Claims exceeding \$1,350,000 are reinsured. The next \$1,000,000 in claims are covered with another pool (APEEP). Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2006, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 8 – COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2006.

Litigation

The City's corporation counsel reported that as of June 30, 2006, 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, 2006. The City has additional commitments for signed construction contracts of \$6,355,936 as of June 30, 2006. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

NOTE 9 – POSTEMPLOYMENT 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, 2006, 55 retirees were eligible for these benefits, and the cost of the benefits for the fiscal year ended June 30, 2006, totaled \$68,165.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS

MFPRSI

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Plan members are required to contribute 9.35% of earnable compensation. The City was required to contribute 28.21% of earnable compensation in 2006, 24.92% of earnable compensation in 2005, and 20.48% of earnable compensation in 2004. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2006, 2005, and 2004, were \$2,704,451, \$2,286,369, and \$1,782,373, respectively, which met the required minimum contribution for each year.

IPERS

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

Plan members are required to contribute 3.70% of their annual covered salary, and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2006, 2005, and 2004, were \$1,016,907, \$979,669, and \$950,155, respectively, equal to the required contributions for each year.

NOTE 11 – CONDUIT DEBT

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

As of June 30, 2006, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,395,000.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE

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

Although closure and postclosure care costs will be paid only near or after the date that each cell stops accepting waste, the Agency reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date. The \$2,479,380 reported as landfill closure and postclosure care liability at June 30, 2006, represents the cumulative amount reported to date based on the use of 96% of the estimated capacity of cells 3 and 4, the use of 80% of the estimated capacity of cells 5 and 6, and the use of 12% of the estimated capacity of cells 7 and 8. The Agency will recognize the remaining estimated cost of closure and postclosure care of \$1,219,420 as the remaining capacity is filled.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

These amounts are based on what it would cost to perform all closure and postclosure care in 2006. The Agency expects to close cells 3 and 4 in 2007, cells 5 and 6 in 2011, and cells 7 and 8 in 2015. The Agency is making plans to construct a second generation of cells to extend the life of the landfill to 2050. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2006, funds have been restricted for closure and postclosure costs in the amount of \$3,205,838, which exceeds the liability currently recognized.

NOTE 13 – LEASES WHERE CITY IS LESSOR

The City of Dubuque leases riverfront property, airport property (hangars and terminal space), farm land, parking areas, space for antennas on top of water towers, and concession areas under operating leases. The most significant lease is the lease of the greyhound racing and gambling facility and related parking area to the Dubuque Racing Association (DRA). The City's cost of the leased DRA assets total \$10,144,771. The carrying amount of the assets at June 30, 2006 is \$7,866,006, with \$142,423 of depreciation expense during the year ended June 30, 2006. The DRA lease amount is based on the associations gross gambling receipts. During the year ended June 30, 2006, the DRA lease generated \$8,849,359 in lease revenue.

NOTE 14 – RESTATEMENT OF BEGINNING BALANCES

The restatement of the Governmental Activities, Business-type Activities, Sewage Disposal Works Fund and Water Utility Fund Net Assets was due to the City increasing its capitalization threshold from \$5,000 to \$10,000 as of July 1, 2005. The reduction in net assets represents the book value of the capital assets with cost less than \$10,000. These assets were removed from the capital asset listings as of July 1, 2005.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Sewage Disposal Works</u>	<u>Water Utility</u>
Net assets June 30, 2005, as previously reported	\$ 285,299,390	\$ 106,445,024	\$ 38,370,802	\$ 23,489,414
Adjustment Change in capital asset threshold	<u>(565,914)</u>	<u>(296,450)</u>	<u>(90,365)</u>	<u>(206,085)</u>
Net assets June 30, 2005, as restated	<u>\$ 284,733,476</u>	<u>\$ 106,148,574</u>	<u>\$ 38,280,437</u>	<u>\$ 23,283,329</u>

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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

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

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

Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be effective for the fiscal year ending June 30, 2008. This statement establishes standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also establishes standards that apply to all intra-entity transfers of assets and future revenues.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA
SCHEDULE OF RECEIPTS, EXPENDITURES, AND CHANGES IN BALANCES –
BUDGET AND ACTUAL (BUDGETARY BASIS)
GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Actual	Budgeted Amounts		Final to
		Original	Final	Actual
				Variance
RECEIPTS				
Property tax	\$ 15,480,587	\$ 15,500,377	\$ 15,500,377	\$ (19,790)
Tax increment financing	3,541,638	3,500,451	3,500,451	41,187
Other City tax	9,947,677	10,741,021	10,741,021	(793,344)
Licenses and permits	3,048,570	2,859,547	2,859,547	189,023
Use of money and property	18,243,579	17,309,936	17,298,841	944,738
Intergovernmental	18,794,589	26,264,876	44,326,337	(25,531,748)
Charges for fees and service	16,543,938	21,391,088	21,994,103	(5,450,165)
Special assessments	362,957	955,734	1,435,705	(1,072,748)
Miscellaneous	5,227,748	3,839,766	4,691,666	536,082
Total Receipts	<u>91,191,283</u>	<u>102,362,796</u>	<u>122,348,048</u>	<u>(31,156,765)</u>
EXPENDITURES				
Public safety	19,094,713	19,347,955	19,571,086	476,373
Public works	9,163,425	9,246,015	9,811,388	647,963
Health and social services	694,242	761,893	893,053	198,811
Culture and recreation	7,647,069	8,097,898	8,270,272	623,203
Community and economic development	8,152,561	9,537,126	9,889,870	1,737,309
General government	4,442,845	4,635,891	4,711,093	268,248
Debt service	2,821,450	2,864,911	2,864,911	43,461
Capital projects	22,589,800	30,950,490	55,388,620	32,798,820
Business-type activities	22,723,137	30,297,467	51,258,669	28,535,532
Total Expenditures	<u>97,329,242</u>	<u>115,739,646</u>	<u>162,658,962</u>	<u>65,329,720</u>
DEFICIENCY OF RECEIPTS UNDER EXPENDITURES	(6,137,959)	(13,376,850)	(40,310,914)	34,172,955
OTHER FINANCING SOURCES, NET	<u>4,022,863</u>	<u>11,337,550</u>	<u>5,464,140</u>	<u>(1,441,277)</u>
DEFICIENCY OF RECEIPTS AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES	(2,115,096)	(2,039,300)	(34,846,774)	32,731,678
BALANCE, BEGINNING	<u>46,245,819</u>	<u>46,245,819</u>	<u>46,245,819</u>	-
BALANCE, ENDING	<u>\$ 44,130,723</u>	<u>\$ 44,206,519</u>	<u>\$ 11,399,045</u>	<u>\$ 32,731,678</u>

CITY OF DUBUQUE, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
FOR THE YEAR ENDED JUNE 30, 2006

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

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

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

The budget for the fiscal year ended June 30, 2006, was amended two times during the year to allow the City to increase function expenditures by \$46,919,316, primarily for the carry-forward of unfinished capital improvement projects and expenditure of additional grants for capital improvements.

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

	<u>Budgetary Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual/ Accrual Basis</u>	<u>Governmental Funds Modified Accrual Basis</u>	<u>Enterprise Funds Accrual Basis</u>	<u>Total</u>
Receipts/revenues	\$ 91,191,283	\$ (3,461,774)	\$ 87,729,509	\$ 69,662,450	\$ 18,067,059	\$ 87,729,509
Expenditures/expenses	<u>97,329,242</u>	<u>(6,170,538)</u>	<u>91,158,704</u>	<u>73,275,321</u>	<u>17,883,383</u>	<u>91,158,704</u>
Excess (deficiency) of receipts/revenues over (under) expenditures/expenses	(6,137,959)	2,708,764	(3,429,195)	(3,612,871)	183,676	(3,429,195)
Other financing sources, net	<u>4,022,863</u>	<u>(12,124,944)</u>	<u>(8,102,081)</u>	<u>(4,384,733)</u>	<u>(3,717,348)</u>	<u>(8,102,081)</u>
Net Balance, beginning, as restated	(2,115,096)	(9,416,180)	(11,531,276)	(7,997,604)	(3,533,672)	(11,531,276)
	<u>46,245,819</u>	<u>107,372,103</u>	<u>153,617,922</u>	<u>47,469,348</u>	<u>106,148,574</u>	<u>153,617,922</u>
Balance, ending	<u>\$ 44,130,723</u>	<u>\$ 97,955,923</u>	<u>\$ 142,086,646</u>	<u>\$ 39,471,744</u>	<u>\$ 102,614,902</u>	<u>\$ 142,086,646</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

DEBT SERVICE FUND

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

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

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

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

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

PERMANENT FUNDS

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

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

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

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Road Use Tax	Section VIII Housing	Tort Liability
ASSETS			
Cash and pooled cash investments	\$ 1,832,394	\$ 1,069,683	\$ 18,457
Receivables			
Property tax			
Delinquent	-	-	4,371
Succeeding year	-	-	366,796
Accounts and other	-	-	-
Special assessments	-	-	-
Accrued interest	-	5,761	-
Notes	-	3,839	-
Intergovernmental	376,121	93,726	-
Restricted cash and pooled cash investments	-	14,504	-
Total Assets	<u>\$ 2,208,515</u>	<u>\$ 1,187,513</u>	<u>\$ 389,624</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 65,358	\$ 16,001	\$ -
Accrued payroll	44,768	10,873	-
Intergovernmental payable	-	23,674	-
Due to other funds	-	-	-
Deferred revenue			
Succeeding year property tax	-	-	366,796
Other	-	93,726	627
Total Liabilities	<u>110,126</u>	<u>144,274</u>	<u>367,423</u>
FUND BALANCES			
Reserved for/by			
Encumbrances	203,135	6,605	-
Long-term notes receivable	-	1,639	-
Bond ordinance	-	-	-
Debt service	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated reported in			
Special revenue funds	1,895,254	1,034,995	22,201
Capital projects funds	-	-	-
Permanent funds	-	-	-
Total Fund Balances	<u>2,098,389</u>	<u>1,043,239</u>	<u>22,201</u>
Total Liabilities and Fund Balances	<u>\$ 2,208,515</u>	<u>\$ 1,187,513</u>	<u>\$ 389,624</u>

Special Revenue				
Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
\$ 754,671	\$ -	\$ 961,443	\$ 179,089	\$ 3,136
-	-	-	-	-
-	-	-	-	-
-	-	28,255	-	-
101,391	-	-	-	-
6,278	10,537	3,200	1,189	-
-	-	-	-	-
-	-	-	-	-
-	247,456	1,332	-	-
<u>\$ 862,340</u>	<u>\$ 257,993</u>	<u>\$ 994,230</u>	<u>\$ 180,278</u>	<u>\$ 3,136</u>
\$ -	\$ 1,333	\$ 3,958	\$ 4,664	\$ -
-	-	7,242	-	-
-	-	-	-	-
-	239,301	-	-	-
-	-	-	-	-
64,630	-	508,896	-	-
<u>64,630</u>	<u>240,634</u>	<u>520,096</u>	<u>4,664</u>	<u>-</u>
-	-	1,226	6,405	-
-	-	-	-	-
-	247,456	-	-	-
-	-	-	-	3,136
-	-	1,332	-	-
-	-	-	-	-
797,710	(230,097)	471,576	169,209	-
-	-	-	-	-
-	-	-	-	-
<u>797,710</u>	<u>17,359</u>	<u>474,134</u>	<u>175,614</u>	<u>3,136</u>
<u>\$ 862,340</u>	<u>\$ 257,993</u>	<u>\$ 994,230</u>	<u>\$ 180,278</u>	<u>\$ 3,136</u>

(continued)

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Capital Projects		
	General Construction	Airport Construction	Sales Tax Construction
ASSETS			
Cash and pooled cash investments	\$ 3,810,122	\$ -	\$ 1,463,381
Receivables			
Property tax			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts and other	-	-	-
Special assessments	-	-	-
Accrued interest	1,180	417	8,324
Notes	-	-	-
Intergovernmental	833,093	140,568	242,083
Restricted cash and pooled cash investments	-	-	-
Total Assets	<u>\$ 4,644,395</u>	<u>\$ 140,985</u>	<u>\$ 1,713,788</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 275,041	\$ 28,760	\$ 1,284
Accrued payroll	-	-	-
Intergovernmental payable	-	-	-
Due to other funds	-	9,498	-
Deferred revenue			
Succeeding year property tax	-	-	-
Other	833,093	-	-
Total Liabilities	<u>1,108,134</u>	<u>38,258</u>	<u>1,284</u>
FUND BALANCES			
Reserved for/by			
Encumbrances	751,375	167,116	710
Long-term notes receivable	-	-	-
Bond ordinance	-	-	-
Debt service	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated reported in			
Special revenue funds	-	-	-
Capital projects funds	2,784,886	(64,389)	1,711,794
Permanent funds	-	-	-
Total Fund Balances	<u>3,536,261</u>	<u>102,727</u>	<u>1,712,504</u>
Total Liabilities and Fund Balances	<u>\$ 4,644,395</u>	<u>\$ 140,985</u>	<u>\$ 1,713,788</u>

EXHIBIT A-1
(continued)

<u>Permanent Funds</u>		<u>Total</u>
<u>Ella Lyons Peony Trail Trust</u>	<u>Library Gifts Trust</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 10,092,376
-	-	4,371
-	-	366,796
-	-	28,255
-	-	101,391
-	122	37,008
-	-	3,839
-	-	1,685,591
<u>86,004</u>	<u>19,632</u>	<u>368,928</u>
<u>\$ 86,004</u>	<u>\$ 19,754</u>	<u>\$ 12,688,555</u>
\$ -	\$ -	\$ 396,399
-	-	62,883
-	-	23,674
-	-	248,799
-	-	366,796
-	-	<u>1,500,972</u>
-	-	<u>2,599,523</u>
-	-	1,136,572
-	-	1,639
-	-	247,456
-	-	3,136
-	-	1,332
10,391	12,000	22,391
-	-	4,160,848
-	-	4,432,291
<u>75,613</u>	<u>7,754</u>	<u>83,367</u>
<u>86,004</u>	<u>19,754</u>	<u>10,089,032</u>
<u>\$ 86,004</u>	<u>\$ 19,754</u>	<u>\$ 12,688,555</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Road Use Tax	Section VIII Housing	Tort Liability
REVENUES			
Taxes	\$ -	\$ -	\$ 382,323
Special assessments	-	-	-
Intergovernmental	4,832,681	4,476,366	-
Charges for services	-	-	-
Investment earnings	-	21,319	-
Contributions	-	-	-
Miscellaneous	10	33,753	-
Total Revenues	<u>4,832,691</u>	<u>4,531,438</u>	<u>382,323</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	4,323,892	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	3,832,177	-
General government	3,420	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total Expenditures	<u>4,327,312</u>	<u>3,832,177</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>505,379</u>	<u>699,261</u>	<u>382,323</u>
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	-	-
Issuance of refunding bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	266,137	-	-
Transfers out	(885,497)	(71,500)	(382,139)
Total Other Financing Sources (Uses)	<u>(619,360)</u>	<u>(71,500)</u>	<u>(382,139)</u>
NET CHANGE IN FUND BALANCES	(113,981)	627,761	184
FUND BALANCES, BEGINNING	<u>2,212,370</u>	<u>415,478</u>	<u>22,017</u>
FUND BALANCES, ENDING	<u>\$ 2,098,389</u>	<u>\$ 1,043,239</u>	<u>\$ 22,201</u>

Special Revenue				
Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
\$ -	\$ 3,541,716	\$ -	\$ -	\$ 7
322,214	-	-	-	-
-	-	-	-	-
-	-	-	-	-
55,120	18,480	17,189	4,426	-
-	-	-	49,563	-
273	21,590	572,826	-	-
<u>377,607</u>	<u>3,581,786</u>	<u>590,015</u>	<u>53,989</u>	<u>7</u>
-	-	74,011	-	-
-	-	84,721	-	-
-	-	23,400	-	-
-	-	-	49,918	-
-	886,346	89,900	-	-
-	-	420,090	-	24,120
-	1,949,679	-	-	815,514
-	-	-	-	-
-	<u>2,836,025</u>	<u>692,122</u>	<u>49,918</u>	<u>839,634</u>
<u>377,607</u>	<u>745,761</u>	<u>(102,107)</u>	<u>4,071</u>	<u>(839,627)</u>
-	13,682	-	-	-
-	-	-	-	1,515,750
-	-	-	-	(1,494,371)
-	-	50,000	-	887,012
<u>(267,542)</u>	<u>(600,732)</u>	<u>-</u>	<u>-</u>	<u>(9,308)</u>
<u>(267,542)</u>	<u>(587,050)</u>	<u>50,000</u>	<u>-</u>	<u>899,083</u>
110,065	158,711	(52,107)	4,071	59,456
<u>687,645</u>	<u>(141,352)</u>	<u>526,241</u>	<u>171,543</u>	<u>(56,320)</u>
<u>\$ 797,710</u>	<u>\$ 17,359</u>	<u>\$ 474,134</u>	<u>\$ 175,614</u>	<u>\$ 3,136</u>

(continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Capital Projects		
	General Construction	Airport Construction	Sales Tax Construction
REVENUES			
Taxes	\$ -	\$ -	\$ 1,467,224
Special assessments	-	-	-
Intergovernmental	-	924,339	-
Charges for services	-	185,820	-
Investment earnings	104,932	1,468	41,558
Contributions	-	4,400	-
Miscellaneous	-	26,110	-
Total Revenues	<u>104,932</u>	<u>1,142,137</u>	<u>1,508,782</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	-	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	-
General government	-	-	-
Debt service	-	-	-
Capital projects	<u>5,591,514</u>	<u>1,141,846</u>	<u>404,561</u>
Total Expenditures	<u>5,591,514</u>	<u>1,141,846</u>	<u>404,561</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,486,582)</u>	<u>291</u>	<u>1,104,221</u>
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	-	-
Issuance of refunding bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	1,815,701	100,000	20,250
Transfers out	<u>(322,288)</u>	<u>-</u>	<u>(2,310,778)</u>
Total Other Financing Sources (Uses)	<u>1,493,413</u>	<u>100,000</u>	<u>(2,290,528)</u>
NET CHANGE IN FUND BALANCES	(3,993,169)	100,291	(1,186,307)
FUND BALANCES, BEGINNING	<u>7,529,430</u>	<u>2,436</u>	<u>2,898,811</u>
FUND BALANCES, ENDING	<u>\$ 3,536,261</u>	<u>\$ 102,727</u>	<u>\$ 1,712,504</u>

EXHIBIT A-2
(continued)

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ -	\$ -	\$ 5,391,270
-	-	322,214
-	-	10,233,386
-	-	185,820
10,510	367	275,369
-	-	53,963
-	-	654,562
<u>10,510</u>	<u>367</u>	<u>17,116,584</u>
-	-	74,011
-	-	4,408,613
-	-	23,400
1,138	-	51,056
-	-	4,808,423
-	-	447,630
-	-	2,765,193
-	-	7,137,921
<u>1,138</u>	<u>-</u>	<u>19,716,247</u>
<u>9,372</u>	<u>367</u>	<u>(2,599,663)</u>
-	-	13,682
-	-	1,515,750
-	-	(1,494,371)
-	-	3,139,100
-	-	(4,849,784)
<u>-</u>	<u>-</u>	<u>(1,675,623)</u>
9,372	367	(4,275,286)
<u>76,632</u>	<u>19,387</u>	<u>14,364,318</u>
<u>\$ 86,004</u>	<u>\$ 19,754</u>	<u>\$ 10,089,032</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2006

EXHIBIT B-1

	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total Other Enterprise Funds</u>
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ 352,217	\$ 248,789	\$ 601,006
Receivables			
Accounts	236,111	14,380	250,491
Accrued interest	2,030	-	2,030
Intergovernmental	-	41,267	41,267
Inventories	-	20,087	20,087
Total Current Assets	<u>590,358</u>	<u>324,523</u>	<u>914,881</u>
NONCURRENT ASSETS			
Capital assets			
Land	-	36,000	36,000
Buildings	-	1,887,564	1,887,564
Machinery and equipment	1,617,644	3,866,027	5,483,671
Accumulated depreciation	<u>(1,256,601)</u>	<u>(2,740,537)</u>	<u>(3,997,138)</u>
Net Capital Assets	<u>361,043</u>	<u>3,049,054</u>	<u>3,410,097</u>
Total Assets	<u>951,401</u>	<u>3,373,577</u>	<u>4,324,978</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	23,593	11,871	35,464
Accrued payroll	36,773	45,097	81,870
Accrued compensated absences	<u>70,893</u>	<u>22,407</u>	<u>93,300</u>
Total Liabilities	<u>131,259</u>	<u>79,375</u>	<u>210,634</u>
NET ASSETS			
Invested in capital assets, net of related debt	361,043	3,049,054	3,410,097
Unrestricted	<u>459,099</u>	<u>245,148</u>	<u>704,247</u>
Total Net Assets	<u>\$ 820,142</u>	<u>\$ 3,294,202</u>	<u>\$ 4,114,344</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT B-2

	Refuse Collection	Transit System	Total Other Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	\$ 2,397,346	\$ 332,862	\$ 2,730,208
Other	179	8,881	9,060
Total Operating Revenues	<u>2,397,525</u>	<u>341,743</u>	<u>2,739,268</u>
OPERATING EXPENSES			
Employee expense	1,470,730	1,366,640	2,837,370
Utilities	15,319	56,939	72,258
Repairs and maintenance	214,776	297,303	512,079
Supplies and services	545,503	375,683	921,186
Insurance	22,483	47,417	69,900
Depreciation	194,984	411,098	606,082
Total Operating Expenses	<u>2,463,795</u>	<u>2,555,080</u>	<u>5,018,875</u>
OPERATING LOSS	<u>(66,270)</u>	<u>(2,213,337)</u>	<u>(2,279,607)</u>
NONOPERATING REVENUES			
Intergovernmental	12,595	943,719	956,314
Investment earnings	8,894	-	8,894
Total Nonoperating Revenues	<u>21,489</u>	<u>943,719</u>	<u>965,208</u>
LOSS BEFORE TRANSFERS	(44,781)	(1,269,618)	(1,314,399)
TRANSFERS IN	-	710,543	710,543
TRANSFERS OUT	<u>(18,625)</u>	<u>(439,644)</u>	<u>(458,269)</u>
CHANGE IN NET ASSETS	(63,406)	(998,719)	(1,062,125)
NET ASSETS, BEGINNING	<u>883,548</u>	<u>4,292,921</u>	<u>5,176,469</u>
NET ASSETS, ENDING	<u>\$ 820,142</u>	<u>\$ 3,294,202</u>	<u>\$ 4,114,344</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT B-3

	Refuse Collection	Transit System	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,404,269	\$ 346,045	\$ 2,750,314
Cash payments to suppliers for goods and services	(778,317)	(835,667)	(1,613,984)
Cash payments to employees for services	(1,454,124)	(1,362,904)	(2,817,028)
Other operating receipts	179	8,881	9,060
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>172,007</u>	<u>(1,843,645)</u>	<u>(1,671,638)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	710,543	710,543
Transfers to other funds	(18,625)	(439,644)	(458,269)
Intergovernmental grant proceeds	12,595	1,483,225	1,495,820
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(6,030)</u>	<u>1,754,124</u>	<u>1,748,094</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	6,864	-	6,864
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	172,841	(89,521)	83,320
CASH AND CASH EQUIVALENTS, BEGINNING	<u>179,376</u>	<u>338,310</u>	<u>517,686</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 352,217</u>	<u>\$ 248,789</u>	<u>\$ 601,006</u>

(continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT B-3
(continued)

	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total Other Enterprise Funds</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating loss	\$ (66,270)	\$ (2,213,337)	\$ (2,279,607)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation	194,984	411,098	606,082
Change in assets and liabilities			
Decrease in receivables	6,923	13,183	20,106
Increase in inventories	-	(9,684)	(9,684)
Increase (decrease) in accounts payable	19,764	(48,641)	(28,877)
Increase in accrued liabilities	16,606	3,736	20,342
Total Adjustments	<u>238,277</u>	<u>369,692</u>	<u>607,969</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 172,007</u>	<u>\$ (1,843,645)</u>	<u>\$ (1,671,638)</u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2006

	<u>General Service</u>	<u>Garage Service</u>	<u>Stores/ Printing</u>
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ 101,481	\$ -	\$ 13,362
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	32,984	3,165
Total Current Assets	<u>101,481</u>	<u>32,984</u>	<u>16,527</u>
NONCURRENT ASSETS			
Capital assets			
Machinery and equipment	-	93,633	-
Accumulated depreciation	-	(57,718)	-
Net Capital Assets	<u>-</u>	<u>35,915</u>	<u>-</u>
Total Assets	<u>101,481</u>	<u>68,899</u>	<u>16,527</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	4,850	301
Accrued payroll	33,272	21,682	-
Due to other funds	-	23,390	-
Total Liabilities	<u>33,272</u>	<u>49,922</u>	<u>301</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	35,915	-
Unrestricted	<u>68,209</u>	<u>(16,938)</u>	<u>16,226</u>
Total Net Assets	<u>\$ 68,209</u>	<u>\$ 18,977</u>	<u>\$ 16,226</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 2,153,609	\$ 532,829	\$ 2,801,281
6,407	-	6,407
12,196	3,808	16,004
<u>-</u>	<u>-</u>	<u>36,149</u>
<u>2,172,212</u>	<u>536,637</u>	<u>2,859,841</u>
-	-	93,633
<u>-</u>	<u>-</u>	<u>(57,718)</u>
<u>-</u>	<u>-</u>	<u>35,915</u>
<u>2,172,212</u>	<u>536,637</u>	<u>2,895,756</u>
657,846	356,082	1,019,079
-	-	54,954
<u>-</u>	<u>-</u>	<u>23,390</u>
<u>657,846</u>	<u>356,082</u>	<u>1,097,423</u>
-	-	35,915
<u>1,514,366</u>	<u>180,555</u>	<u>1,762,418</u>
<u>\$ 1,514,366</u>	<u>\$ 180,555</u>	<u>\$ 1,798,333</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>General Service</u>	<u>Garage Service</u>	<u>Stores/ Printing</u>
OPERATING REVENUES			
Charges for sales and services	\$ 1,196,540	\$ 1,480,952	\$ 32,941
Other	-	-	-
Total Operating Revenues	<u>1,196,540</u>	<u>1,480,952</u>	<u>32,941</u>
OPERATING EXPENSES			
Employee expense	1,109,608	746,777	-
Utilities	-	30,338	-
Repairs and maintenance	-	10,665	-
Supplies and services	-	709,833	29,523
Insurance	9,135	12,059	-
Depreciation	-	10,371	-
Total Operating Expenses	<u>1,118,743</u>	<u>1,520,043</u>	<u>29,523</u>
OPERATING INCOME (LOSS)	<u>77,797</u>	<u>(39,091)</u>	<u>3,418</u>
NONOPERATING REVENUES			
Investment earnings	-	-	-
Gain on disposal of assets	-	1,443	-
Total Nonoperating Revenues	<u>-</u>	<u>1,443</u>	<u>-</u>
CHANGE IN NET ASSETS	77,797	(37,648)	3,418
NET ASSETS (DEFICIT), BEGINNING	<u>(9,588)</u>	<u>56,625</u>	<u>12,808</u>
NET ASSETS, ENDING	<u>\$ 68,209</u>	<u>\$ 18,977</u>	<u>\$ 16,226</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 5,884,170	\$ 490,700	\$ 9,085,303
71,851	-	71,851
<u>5,956,021</u>	<u>490,700</u>	<u>9,157,154</u>
-	-	1,856,385
-	-	30,338
-	-	10,665
4,439,181	307,926	5,486,463
383,848	22,650	427,692
-	-	10,371
<u>4,823,029</u>	<u>330,576</u>	<u>7,821,914</u>
<u>1,132,992</u>	<u>160,124</u>	<u>1,335,240</u>
42,884	16,675	59,559
-	-	1,443
<u>42,884</u>	<u>16,675</u>	<u>61,002</u>
1,175,876	176,799	1,396,242
338,490	3,756	402,091
<u>\$ 1,514,366</u>	<u>\$ 180,555</u>	<u>\$ 1,798,333</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,196,540	\$ 1,480,952	\$ 32,941
Cash payments to suppliers for goods and services	(9,135)	(721,613)	(28,818)
Cash payments to employees for services	(1,099,207)	(745,861)	-
Other operating receipts	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>88,198</u>	<u>13,478</u>	<u>4,123</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payment of interfund balances	-	(14,921)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	1,443	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	88,198	-	4,123
CASH AND CASH EQUIVALENTS, BEGINNING	<u>13,283</u>	<u>-</u>	<u>9,239</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 101,481</u>	<u>\$ -</u>	<u>\$ 13,362</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 77,797	\$ (39,091)	\$ 3,418
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	-	10,371	-
Change in assets and liabilities			
Decrease in receivables	-	-	-
Decrease in inventories	-	52,464	1,168
Decrease in accounts payable	-	(11,182)	(463)
Increase in accrued liabilities	10,401	916	-
Total Adjustments	<u>10,401</u>	<u>52,569</u>	<u>705</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 88,198</u>	<u>\$ 13,478</u>	<u>\$ 4,123</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 5,986,034	\$ 490,700	\$ 9,187,167
(4,975,051)	(466,031)	(6,200,648)
-	-	(1,845,068)
<u>71,851</u>	<u>-</u>	<u>71,851</u>
<u>1,082,834</u>	<u>24,669</u>	<u>1,213,302</u>
<u>-</u>	<u>-</u>	<u>(14,921)</u>
<u>-</u>	<u>-</u>	<u>1,443</u>
<u>36,149</u>	<u>16,179</u>	<u>52,328</u>
1,118,983	40,848	1,252,152
<u>1,034,626</u>	<u>491,981</u>	<u>1,549,129</u>
<u>\$ 2,153,609</u>	<u>\$ 532,829</u>	<u>\$ 2,801,281</u>
<u>\$ 1,132,992</u>	<u>\$ 160,124</u>	<u>\$ 1,335,240</u>
-	-	10,371
101,864	-	101,864
-	-	53,632
(152,022)	(135,455)	(299,122)
-	-	11,317
<u>(50,158)</u>	<u>(135,455)</u>	<u>(121,938)</u>
<u>\$ 1,082,834</u>	<u>\$ 24,669</u>	<u>\$ 1,213,302</u>

AGENCY FUNDS

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

Cable Equipment Fund – This fund is used to account for resources received under the cable franchise agreement to support public, educational, and governmental access and internet use grants.

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

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT D-1

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
CABLE EQUIPMENT FUND				
ASSETS				
Cash and pooled cash investments	\$ -	\$ 371,187	\$ 171,559	\$ 199,628
Accrued interest	-	3,198	3,198	-
Total Assets	<u>\$ -</u>	<u>\$ 374,385</u>	<u>\$ 174,757</u>	<u>\$ 199,628</u>
LIABILITIES				
Accounts payable	\$ -	\$ 4,420	\$ -	\$ 4,420
Due to other agency	-	369,965	174,757	195,208
Total Liabilities	<u>\$ -</u>	<u>\$ 374,385</u>	<u>\$ 174,757</u>	<u>\$ 199,628</u>
DOG TRACK DEPRECIATION FUND				
ASSETS				
Cash and pooled cash investments	\$ 678,010	\$ 137,401	\$ -	\$ 815,411
Accrued interest	3,794	18,556	17,401	4,949
Total Assets	<u>\$ 681,804</u>	<u>\$ 155,957</u>	<u>\$ 17,401</u>	<u>\$ 820,360</u>
LIABILITIES				
Due to other agency	<u>\$ 681,804</u>	<u>\$ 155,957</u>	<u>\$ 17,401</u>	<u>\$ 820,360</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and pooled cash investments	\$ 678,010	\$ 508,588	\$ 171,559	\$ 1,015,039
Accrued interest	3,794	21,754	20,599	4,949
Total Assets	<u>\$ 681,804</u>	<u>\$ 530,342</u>	<u>\$ 192,158</u>	<u>\$ 1,019,988</u>
LIABILITIES				
Accounts payable	\$ -	\$ 4,420	\$ -	\$ 4,420
Due to other agency	681,804	525,922	192,158	1,015,568
Total Liabilities	<u>\$ 681,804</u>	<u>\$ 530,342</u>	<u>\$ 192,158</u>	<u>\$ 1,019,988</u>

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA

STATISTICAL SECTION

This part of the City statistical's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	74
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	79
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	83
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	91
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	94

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF DUBUQUE, IOWA
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Table 1

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 212,767,403	\$ 231,863,231	\$ 249,881,646	\$ 267,762,059
Restricted	29,306,124	31,931,803	24,180,874	21,693,357
Unrestricted	11,528,644	11,322,661	11,236,870	15,132,486
Total governmental activities net assets	<u>\$ 253,602,171</u>	<u>\$ 275,117,695</u>	<u>\$ 285,299,390</u>	<u>\$ 304,587,902</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 98,706,116	\$ 92,301,043	\$ 93,036,089	\$ 88,802,536
Restricted	553,677	554,005	554,205	554,294
Unrestricted	6,308,801	10,502,939	12,854,730	13,258,072
Total business-type activities net assets	<u>\$ 105,568,594</u>	<u>\$ 103,357,987</u>	<u>\$ 106,445,024</u>	<u>\$ 102,614,902</u>
Primary government				
Invested in capital assets, net of related debt	\$ 311,473,519	\$ 324,164,274	\$ 342,917,735	\$ 356,564,595
Restricted	29,859,801	32,485,808	24,735,079	22,247,651
Unrestricted	17,837,445	21,825,600	24,091,600	28,390,558
Total primary government net assets	<u>\$ 359,170,765</u>	<u>\$ 378,475,682</u>	<u>\$ 391,744,414</u>	<u>\$ 407,202,804</u>

**CITY OF DUBUQUE, IOWA
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Table 2

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
Public safety	\$ 15,817,052	\$ 16,605,481	\$ 18,636,877	\$ 18,892,980
Public works	14,453,558	12,847,410	17,088,983	16,390,322
Health and social services	815,524	1,290,619	654,469	678,748
Culture and recreation	7,367,147	7,849,114	8,474,183	9,627,505
Community and economic development	9,431,702	12,662,552	9,680,046	8,541,167
General government	4,211,922	3,773,136	4,048,475	3,868,687
Interest on long-term debt	1,605,326	1,248,498	1,298,367	1,460,730
Total governmental activities expenses	<u>53,702,231</u>	<u>56,276,810</u>	<u>59,881,400</u>	<u>59,460,139</u>
Business-type activities:				
Sewage disposal works	4,655,696	5,282,016	4,656,172	5,298,353
Water utility	4,145,983	4,368,738	4,232,489	4,700,483
Stormwater utility	-	1,184,968	1,114,811	1,153,628
Parking facilities	1,445,434	1,655,429	1,604,071	1,629,427
America's River Project	414,830	1,064,701	515,570	82,617
Refuse collection	2,140,807	2,238,254	2,202,800	2,463,795
Transit system	2,055,248	2,257,078	2,326,908	2,555,080
Total business-type activities expenses	<u>14,857,998</u>	<u>18,051,184</u>	<u>16,652,821</u>	<u>17,883,383</u>
Total primary government expenses	<u>\$ 68,560,229</u>	<u>\$ 74,327,994</u>	<u>\$ 76,534,221</u>	<u>\$ 77,343,522</u>
Program Revenues				
Governmental activities:				
Charges for services				
Public safety	\$ 1,586,255	\$ 1,785,787	\$ 1,900,938	\$ 1,809,481
Public works	3,367,720	3,392,650	3,371,073	3,370,291
Culture and recreation	2,145,435	2,282,983	2,143,246	2,218,315
Other activities	764,732	873,457	945,712	895,920
Operating grants and contributions	13,677,503	12,197,307	14,603,106	12,902,410
Capital grants and contributions	3,447,052	5,153,258	6,919,296	6,881,573
Total governmental activities program revenues	<u>24,988,697</u>	<u>25,685,442</u>	<u>29,883,371</u>	<u>28,077,990</u>
Business-type activities:				
Charges for services				
Sewage disposal works	4,300,156	4,719,491	4,552,587	5,077,491
Water utility	3,975,598	4,307,238	4,224,074	4,669,340
Stormwater utility	-	754,101	684,570	928,850
Parking facilities	1,427,146	1,643,490	1,889,937	1,886,642
America's River Project	147,695	881,089	26,061	51,373
Refuse collection	1,981,105	2,157,285	2,283,677	2,397,525
Transit system	201,367	319,216	389,106	341,743
Operating grants and contributions	880,822	825,538	651,967	920,762
Capital grants and contributions	11,938,797	11,007,676	3,030,378	2,769,657
Total business-type activities program revenues	<u>24,852,686</u>	<u>26,615,124</u>	<u>17,732,357</u>	<u>19,043,383</u>
Total primary government program revenues	<u>\$ 49,841,383</u>	<u>\$ 52,300,566</u>	<u>\$ 47,615,728</u>	<u>\$ 47,121,373</u>

(continued)

CITY OF DUBUQUE, IOWA
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Table 2
(continued)

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental activities	\$ (28,713,534)	\$ (30,591,368)	\$ (29,998,029)	\$ (31,382,149)
Business-type activities	9,994,688	8,563,940	1,079,536	1,160,000
Total primary government net expense	<u>\$ (18,718,846)</u>	<u>\$ (22,027,428)</u>	<u>\$ (28,918,493)</u>	<u>\$ (30,222,149)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
General Revenues				
Property taxes	\$ 18,041,049	\$ 18,588,367	\$ 19,767,492	\$ 19,716,620
Local option sales tax	6,492,203	7,105,183	6,963,124	7,336,124
Hotel/motel tax	970,232	1,314,114	1,383,660	1,862,439
Utility franchise fees	-	862,275	1,310,064	1,521,201
Gaming	9,539,598	11,631,022	11,694,105	14,034,847
Unrestricted investment earnings	1,749,301	497,361	1,190,337	1,081,141
Gain/(loss) on sale of capital assets	(149,650)	175,231	170,642	77,627
Other	1,228,232	638,681	560,789	572,602
Transfers	<u>(7,720,462)</u>	<u>10,956,246</u>	<u>(1,684,581)</u>	<u>5,033,974</u>
Total governmental activities	<u>30,150,503</u>	<u>51,768,480</u>	<u>41,355,632</u>	<u>51,236,575</u>
Business-type activities:				
General Revenues				
Property taxes	506,054	-	-	-
Unrestricted investment earnings	321,447	181,674	322,884	339,599
Gain/(loss) on sale of capital assets	(168,001)	25	36	703
Transfers	<u>7,720,462</u>	<u>(10,956,246)</u>	<u>1,684,581</u>	<u>(5,033,974)</u>
Total business-type activities	<u>8,379,962</u>	<u>(10,774,547)</u>	<u>2,007,501</u>	<u>(4,693,672)</u>
Total primary government	<u>\$ 38,530,465</u>	<u>\$ 40,993,933</u>	<u>\$ 43,363,133</u>	<u>\$ 46,542,903</u>
Change in Net Assets				
Governmental activities	\$ 1,436,969	\$ 21,177,112	\$ 11,357,603	\$ 19,854,426
Business-type activities	18,374,650	(2,210,607)	3,087,037	(3,533,672)
Total primary government	<u>\$ 19,811,619</u>	<u>\$ 18,966,505</u>	<u>\$ 14,444,640</u>	<u>\$ 16,320,754</u>

CITY OF DUBUQUE, IOWA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Table 3

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Reserved	\$ 4,573,723	\$ 3,233,335	\$ 3,169,453	\$ 1,477,141
Unreserved	<u>12,218,787</u>	<u>13,685,063</u>	<u>13,706,134</u>	<u>16,050,997</u>
Total general fund	<u>\$ 16,792,510</u>	<u>\$ 16,918,398</u>	<u>\$ 16,875,587</u>	<u>\$ 17,528,138</u>
All Other Governmental Funds				
Reserved	\$ 14,525,251	\$ 14,231,390	\$ 13,607,759	\$ 15,564,016
Unreserved, reported in:				
Special revenue funds	11,886,631	9,720,412	5,777,233	7,277,471
Debt service fund	-	(68,569)	(56,320)	-
Capital projects funds	5,846,016	7,353,593	11,191,461	(981,248)
Permanent funds	<u>70,091</u>	<u>71,373</u>	<u>73,628</u>	<u>83,367</u>
Total all other governmental funds	<u>\$ 32,327,989</u>	<u>\$ 31,308,199</u>	<u>\$ 30,593,761</u>	<u>\$ 21,943,606</u>

CITY OF DUBUQUE, IOWA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Table 4

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Taxes	\$ 25,508,936	\$ 27,861,273	\$ 29,430,135	\$ 30,043,167
Special assessments	561,406	717,305	197,195	322,214
Licenses and permits	753,990	1,063,081	1,078,722	965,712
Intergovernmental	17,249,290	17,057,994	18,370,358	15,021,722
Charges for services	5,325,031	5,666,307	5,918,542	6,620,243
Fines and forfeits	465,787	241,572	267,536	204,201
Investment earnings	1,750,519	502,932	1,197,691	1,096,445
Contributions	447,960	345,415	306,809	246,908
Gaming	9,539,598	11,631,022	11,694,105	14,034,847
Miscellaneous	1,312,348	1,139,057	1,573,305	1,106,991
Total revenues	<u>62,914,865</u>	<u>66,225,958</u>	<u>70,034,398</u>	<u>69,662,450</u>
Expenditures				
Current:				
Public safety	15,278,654	16,764,510	18,652,246	19,535,369
Public works	11,860,004	10,723,527	21,301,239	11,605,567
Health and social services	749,435	721,906	662,231	715,598
Culture and recreation	7,515,522	7,470,264	8,180,832	9,998,462
Community and economic development	9,010,868	11,924,011	9,825,470	9,981,645
General government	3,835,609	4,227,335	4,022,785	4,090,866
Debt service				
Principal	2,009,986	2,117,773	1,769,960	1,325,970
Interest	1,668,019	1,304,802	1,240,427	1,493,504
Capital projects	9,930,311	6,865,119	8,226,840	14,528,340
Total expenditures	<u>61,858,408</u>	<u>62,119,247</u>	<u>73,882,030</u>	<u>73,275,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,056,457</u>	<u>4,106,711</u>	<u>(3,847,632)</u>	<u>(3,612,871)</u>
Other Financing Sources (Uses)				
Issuance of bonds	-	-	-	13,682
Issuance of refunding bonds	150,000	795,000	7,277,665	1,515,750
Discount on bonds	-	-	(58,487)	-
Payment of refunded bonds	(150,000)	-	-	(1,494,371)
Transfers in	5,367,986	8,662,300	12,981,655	7,334,605
Transfers out	(21,073,805)	(15,060,669)	(16,105,184)	(11,904,890)
Sale of capital assets	117,239	264,344	170,642	150,491
Total other financing sources (uses)	<u>(15,588,580)</u>	<u>(5,339,025)</u>	<u>4,266,291</u>	<u>(4,384,733)</u>
Net change in fund balances	<u>\$(14,532,123)</u>	<u>\$(1,232,314)</u>	<u>\$ 418,659</u>	<u>\$(7,997,604)</u>
Debt service as a percentage of noncapital expenditures	7.08%	6.19%	4.59%	4.80%

CITY OF DUBUQUE, IOWA
TAXABLE AND ASSESSED VALUE OF PROPERTY
LAST TEN FISCAL YEARS

Table 5

Levy Year	Fiscal Year	Real Property		Exemptions	Total		Ratio of Total Taxable Value to Total Assessed Value	Total Direct Tax Rate
		Taxable Value	Assessed Value	Real Property	Taxable Value	Assessed Value		
1995	1997	\$ 1,237,246	\$ 1,750,830	\$ 10,405	\$ 1,226,841	\$ 1,750,830	70.07 %	\$ 11.38153
1996	1998	1,259,649	1,776,342	10,218	1,249,431	1,776,342	70.34	11.40112
1997	1999	1,354,421	1,987,466	10,319	1,344,102	1,987,466	67.63	11.07340
1998	2000	1,389,352	1,990,428	10,018	1,379,334	1,990,428	69.30	10.71601
1999	2001	1,377,518	2,014,897	10,194	1,367,324	2,014,897	67.86	11.06712
2000	2002	1,429,025	2,050,019	10,097	1,418,928	2,050,019	69.22	10.76080
2001	2003	1,540,206	2,317,926	10,141	1,530,065	2,317,926	66.01	10.21200
2002	2004	1,572,776	2,350,317	9,694	1,563,082	2,350,317	66.51	10.27303
2003	2005	1,666,033	2,575,400	9,599	1,656,434	2,575,400	64.32	10.07200
2004	2006	1,710,334	2,679,078	9,862	1,700,472	2,679,078	63.47	9.69910

CITY OF DUBUQUE, IOWA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(TAX RATES PER \$1,000 ASSESS VALUE)

Table 6

Levy Year	Fiscal Year	Dubuque City	Dubuque School District	Board of Education and Independents	Area 1 Voc. Tech	Dubuque County	Total	Ratio of Dubuque City to Total
1995	1997	\$ 11.38153	\$ 12.39251	\$ 0.70548	\$ 0.50348	\$ 5.87236	\$ 30.85536	36.89 %
1996	1998	11.40112	12.03974	0.52563	0.49951	5.54113	30.00713	37.99
1997	1999	11.07340	11.98226	0.50368	0.48592	5.52169	29.56695	37.45
1998	2000	10.71601	11.53111	0.56187	0.55128	5.54016	28.90043	37.08
1999	2001	11.06712	12.17096	0.50467	0.56995	5.60750	29.92020	36.99
2000	2002	10.76080	13.50444	0.54806	0.57072	5.73669	31.12071	34.58
2001	2003	10.21200	13.73882	0.55492	0.57507	5.60064	30.68145	33.28
2002	2004	10.27303	13.84768	0.61686	0.57791	5.59515	30.91063	33.23
2003	2005	10.07200	14.27491	0.57269	0.59804	6.08923	31.60687	31.87
2004	2006	9.69910	15.09695	0.60226	0.60517	6.08416	32.08764	30.23

Source: Dubuque County Auditor's Office.

**CITY OF DUBUQUE, IOWA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(IN THOUSANDS OF DOLLARS)**

Table 7

<u>Taxpayer</u>	<u>2006</u>			<u>1997</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Kennedy Mall	\$ 23,834	1	.89 %	\$ 17,536	3	1.00 %
Medical Associates Realty	17,880	2	.67	-		-
Otto A LLC	17,500	3	.65	-		-
Nordstrom, Inc.	16,723	4	.62	9,258	5	.53
American Trust & Savings Bank	10,531	5	.39	-		-
Platinum Holdings	10,162	6	.38	-		-
Lexington Dubuque	9,815	7	.37	-		-
U.S. West Communications	9,401	8	.35	7,768	8	.44
Asbury Dubuque	9,095	9	.34	-		-
Minglewood Limited Partnership	9,043	10	.34	-		-
Interstate Power Company	-		-	58,129	1	3.32
Peoples Natural Gas	-		-	19,364	2	1.11
McGraw Hill	-		-	11,164	4	.64
A.Y. McDonald Manufacturing Co.	-		-	8,377	6	.48
Farmland Foods Inc.	-		-	8,227	7	.47
Georgia-Pacific Corp.	-		-	7,192	9	.41
Plaza 20 Inc.	-		-	7,021	10	.40
	<u>\$ 133,984</u>		<u>5.00%</u>	<u>\$ 154,036</u>		<u>8.80%</u>

Source: Dubuque County Auditor's Office.

CITY OF DUBUQUE, IOWA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

Table 8

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections (2)	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1997	\$ 15,299	\$ 15,025	98.2%	\$ 132	\$ 15,157	99.1%	\$ 274	1.8%
1998	15,538	15,426	99.3	172	15,598	100.4	138	0.9
1999	16,587	16,528	99.6	121	16,649	100.4	129	0.8
2000	16,497	16,380	99.3	115	16,495	100.0	138	0.8
2001	17,163	16,662	97.1	120	16,782	97.8	150	0.9
2002	17,147	16,941	98.8	127	17,068	99.5	238	1.4
2003	15,328	15,215	99.3	216	15,431	100.7	130	0.8
2004	16,208	15,937	98.3	11	15,948	98.4	207	1.3
2005	16,408	16,383	99.8	20	16,403	100.0	196	1.2
2006	16,229	16,146	99.5	2	16,148	99.5	182	1.1

(1) Includes tax increment levy.

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

CITY OF DUBUQUE, IOWA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 9

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Tax Increment Financing Bonds and Notes	General Obligation Bonds	Revenue Bonds			
1997	\$ 10,335,000	\$ 565,000	\$ 1,420,000	\$ 2,415,690	\$ 14,735,690	1.09%	\$ 249
1998	8,210,000	1,720,500	1,230,000	2,360,000	13,520,500	0.94%	229
1999	5,300,000	2,445,500	1,890,000	2,210,000	11,845,500	0.86%	210
2000	4,522,500	4,378,669	3,572,500	2,055,000	14,528,669	1.00%	257
2001	3,405,000	5,963,585	9,005,000	1,890,000	20,263,585	1.34%	351
2002	20,945,000	5,873,155	3,105,000	1,720,000	31,643,155	2.05%	549
2003	19,865,000	4,943,169	5,140,000	1,540,000	31,488,169	1.98%	546
2004	19,010,000	4,475,395	6,660,000	1,350,000	31,495,395	1.85%	546
2005	24,960,000	4,073,031	8,090,000	1,150,000	38,273,031	2.16%	663
2006	24,165,750	3,630,742	11,619,250	940,000	40,355,742	*	700

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population and personal income data can be found in Table 17.

* Personal Income unavailable at report date.

CITY OF DUBUQUE, IOWA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS EXCEPT PER CAPITA)

Table 10

Fiscal Year	General Obligation Bonds (1)	Taxable Value of Property	Percentage of Taxable Value of Property	Assessed Value of Property	Percentage of Assessed Value of Property	Per Capita
1997	\$ 10,335	\$ 1,226,841	0.84%	\$ 1,750,830	0.59%	\$ 175
1998	8,210	1,249,431	0.66%	1,776,342	0.46%	139
1999	5,300	1,344,102	0.39%	1,987,466	0.27%	94
2000	4,523	1,379,334	0.33%	1,990,428	0.23%	80
2001	3,405	1,367,324	0.25%	2,014,897	0.17%	59
2002	20,945	1,418,928	1.48%	2,050,019	1.02%	363
2003	19,865	1,530,057	1.30%	2,317,926	0.86%	344
2004	19,010	1,563,082	1.22%	2,350,317	0.81%	330
2005	24,960	1,656,434	1.51%	2,575,400	0.97%	433
2006	24,166	1,700,472	1.42%	2,679,078	0.90%	419

(1) Excludes general obligation bonds reported in enterprise funds.

**CITY OF DUBUQUE, IOWA
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2006**

Table 11

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to Government</u>
Direct, City of Dubuque, Iowa	\$ 24,165,750 (1)	100.00%	\$ 24,165,750
Overlapping:			
Dubuque County	\$ 2,210,000	59.00	\$ 1,303,900
Dubuque Public School District	-	-	-
Northeast Iowa Community College	<u>1,300,000</u>	23.17	<u>301,210</u>
Total Overlapping	<u>\$ 3,510,000</u>		<u>\$ 1,605,110</u>
Total	<u>\$ 27,675,750</u>		<u>\$ 25,770,860</u>

Source: Dubuque County Auditor and Northeast Iowa Community College.

(1) Excludes general obligation bonds reported in enterprise funds.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Dubuque. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Table 12

CITY OF DUBUQUE, IOWA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

	Fiscal Years									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debit limit	\$ 87,541	\$ 88,817	\$ 99,373	\$ 99,521	\$ 100,745	\$ 102,359	\$ 115,896	\$ 117,516	\$ 133,149	\$ 138,789
Total net debt applicable to limit	<u>11,755</u>	<u>10,795</u>	<u>8,545</u>	<u>10,511</u>	<u>18,687</u>	<u>30,250</u>	<u>30,271</u>	<u>30,185</u>	<u>37,177</u>	<u>39,443</u>
Legal debt margin	<u>\$ 75,786</u>	<u>\$ 78,022</u>	<u>\$ 90,828</u>	<u>\$ 89,010</u>	<u>\$ 82,058</u>	<u>\$ 72,109</u>	<u>\$ 85,625</u>	<u>\$ 87,331</u>	<u>\$ 95,972</u>	<u>\$ 99,346</u>
The net debt applicable to the debt limit as a percentage of debt limit	13.43%	12.15%	8.60%	10.56%	18.55%	29.55%	26.12%	25.69%	27.92%	28.42%

Legal Debt Margin Calculation for Fiscal Year 2006

Estimated actual value	<u>\$ 2,775,778,478</u>
Debit limit - 5% of total actual valuation	\$ 138,788,924
Debt applicable to limit: (Including GO Debt, TIF Debt and Lease Obligations Paid from General Fund)	<u>39,442,519</u>
Legal debt margin	<u>\$ 99,346,405</u>

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

Table 13

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
1997	\$ 1,175	\$ 551	\$ 624	\$ 110	\$ 191	\$ 301	2.07
1998	1,268	570	698	150	195	345	2.02
1999	1,303	584	719	155	98	253	2.84
2000	1,278	582	696	165	93	258	2.70
2001	1,552	717	835	170	86	256	3.26
2002	1,452	737	715	180	79	259	2.76
2003	1,484	847	637	190	71	261	2.44
2004	1,659	971	688	200	63	263	2.62
2005	1,934	960	974	210	54	264	3.69
2006	1,933	977	956	220	44	264	3.62

(1) Total revenues (including interest).

(2) Total operating expenses exclusive of depreciation.

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

**CITY OF DUBUQUE, IOWA
WATER AND SEWER RECEIPT HISTORY
LAST TEN FISCAL YEARS**

Table 14

<u>Fiscal Year</u>	<u>Water Revenue</u>	<u>Sewer Revenue</u>
1997	\$ 3,729,697	\$ 4,376,886
1998	3,678,678	4,599,802
1999	3,770,976	4,806,765
2000	4,055,270	4,834,413
2001	4,135,930	4,387,111
2002	4,233,908	4,319,655
2003	4,154,899	4,252,098
2004	4,350,338	4,466,035
2005	4,340,789	4,478,205
2006	4,798,408	4,920,376

Source: Cash basis revenue ledgers.

CITY OF DUBUQUE, IOWA
WATER METERS BY RATE CLASS
FISCAL YEAR 2006

Table 15

Fiscal Year	Residential	Commercial	Industrial	Government	Total
2006	19,813	1,820	73	35	21,741

*Prior nine years information not available.

CITY OF DUBUQUE, IOWA
LARGEST WATER AND SEWER CUSTOMERS
FISCAL YEAR 2006

Table 16

Customer	Water		Percentage of		Percentage of	
	Receipts	Rank	Total Water	Sewer	Total Sewer	Receipts
Rousselot Inc.	\$ 141,982	1	2.96 %	\$ 412,906	1	8.39 %
Mercy Medical Center	76,337	2	1.59	98,095	4	1.99
Swiss Valley Farms	47,704	3	0.99	153,559	3	3.12
Finley Hospital	47,582	4	0.99	72,838	5	1.48
Loras College	31,506	5	0.66	32,148	8	0.65
Alliant Power Company	30,102	6	0.63			
Jeld-Wen	25,700	7	0.54			
Inland Protein Corporation	22,406	8	0.47	160,812	2	3.27
Premier Linen & Dry Cleaning	21,871	9	0.46	32,399	7	0.66
Clarke College	20,963	10	0.44	32,439	6	0.66
Tablemound Mobile Home Park				26,333	9	0.54
Stonehill Care Center				25,482	10	0.52
Total Receipts	\$ 4,798,408			\$ 4,920,376		

CITY OF DUBUQUE, IOWA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Table 17

Year	Population	Personal Income	Per Capital Personal Income (2)	Median Age (1)	Public School Enrollment (3)	Unemployment Rate (4)
1997	59,084	2,039,283,000	\$ 22,914	34	9,985	4.7 %
1998	59,084	2,162,756,000	24,362	34	9,857	3.1
1999	56,467	2,173,097,000	24,435	34	9,735	3.1
2000	56,467	2,293,137,000	25,691	34	9,697	2.7
2001	57,686	2,345,539,000	26,309	34	9,680	3.4
2002	57,686	2,421,441,000	26,760	37	9,906	3.6
2003	57,686	2,500,924,000	27,631	37	10,122	3.7
2004	57,686	2,682,023,000	29,447	37	10,428	4.8
2005	57,686	2,828,000,000	30,864	37	10,547	4.8
2006	57,686	*	*	37	10,733	3.4

Sources:

- (1) Bureau of Census: 2000 Census.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis.
- (3) Dubuque Community School District.
- (4) Iowa Department of Employment Services as of June 30.

* Unavailable at report date.

**CITY OF DUBUQUE, IOWA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND YEAR 2000**

Table 18

Employer	2006		2000	
	# of Employees	Rank	# of Employees	Rank
John Deere (1)	1900	1	2250	1
Dubuque Community Schools	1410	2	1500	2
Mercy Medical Center	1324	3	1500	2
McCoy Group	1200	4		
Medical Associates	998	5	950	6
Eagle Window & Door	950	6	450	10
Finley Hospital	920	7	850	8
Heartland Financial USA, Inc.	760	8		
Flexsteel	750	9	825	9
City of Dubuque	716	10		
Farmland Foods			1300	4
Times Mirror (Formerly Wm C. Brown)			1000	5
Interstate Power Company			930	7
	\$ 10,928		\$ 11,555	

Source: Greater Dubuque Development Corp.

(1) Located just outside City Limits.

2000 is the closest year to 1997 with employment information available.

Total City employment is not available. Therefore percentage of total City employment can not be calculated.

**CITY OF DUBUQUE, IOWA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/DEPARTMENT
LAST TEN FISCAL YEARS**

Table 19

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Emergency Communications	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	11.00
Fire	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Police	90.00	90.00	90.00	95.00	96.00	96.00	97.00	97.00	97.00	99.00
Building Services	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Public Works										
Public Works	80.00	81.00	80.00	81.00	81.00	83.00	86.02	87.30	88.55	87.00
Engineering	21.00	22.00	22.00	22.00	24.00	24.00	24.00	24.00	24.00	25.00
Health & Social Services										
Health Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Human Rights	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Culture and Recreation										
Civic Center	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	1.15
Library	16.00	17.00	17.00	17.00	18.00	18.00	18.00	18.00	18.00	18.00
Park	20.92	20.92	20.92	20.92	20.92	21.92	21.92	21.92	21.92	21.92
Recreation	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93
Community & Economic Development										
Community / Economic Dev	4.25	4.25	5.00	5.00	5.00	5.00	3.00	3.00	3.00	3.00
Housing Services	14.00	15.00	18.00	18.00	18.00	20.00	20.25	20.00	21.00	21.00
Planning Services	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00
General Government										
Airport	11.00	13.00	13.00	13.00	13.00	13.00	14.00	13.00	13.00	13.00
Cable TV	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
City Clerk's Office	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City Manager's Office	8.75	8.75	9.00	9.00	9.00	9.00	11.00	10.00	10.00	11.00
Finance	16.00	16.00	16.00	16.00	16.00	16.00	16.00	15.00	14.00	14.00
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.62
Information Services	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Business Type										
Water	24.00	24.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00
Water Pollution Control	24.00	23.00	19.00	19.00	19.00	18.00	18.00	18.00	18.00	18.00
Parking	8.00	8.00	8.00	8.00	9.00	11.00	11.50	10.50	10.50	8.00
Transit	12.00	12.00	12.00	12.00	12.00	7.50	8.00	7.00	7.00	8.55
Total	502.00	507.00	505.00	511.00	516.00	518.50	523.77	519.80	521.05	518.17

Source: City Budget Records.
Departments with employees who are allocated to more than one function reflected in area with largest number of employees.

CITY OF DUBUQUE, IOWA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
	1997	1998	1999	2000	2001
Public Safety					
Police					
Physical arrests ¹	-	2,700	2,825	2,807	2,564
Traffic violations ²	-	-	-	-	-
Parking violations ³	-	-	-	-	-
Fire					
Number of calls answered	2,939	2,848	3,336	3,158	3,736
Inspections conducted	1,189	1,021	742	829	805
Sewer					
Sewage system					
Daily average treatment in gallons	10,200,000	10,200,000	10,200,000	10,200,000	9,000,000
Maximum daily capacity of treatment plant in gallons	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Water systems					
Daily average consumption in gallons	8,519,740	8,519,740	8,519,740	8,000,000	8,000,000
Maximum daily capacity of plant in gallons	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Refuse					
Tonnage	18,000	18,597	18,731	18,968	19,010

Sources: Various City Departments.

¹ Statistics not available for fiscal year 1997 and 2002.

² Statistics begin in fiscal year 2002.

³ Statistics begin in fiscal year 2003.

Fiscal Year				
2002	2003	2004	2005	2006
-	4,000	4,550	4,795	4,790
2,462	2,126	2,427	2,171	2,111
-	51,162	49,985	51,004	46,575
4,774	3,974	4,181	4,300	4,176
841	524	408	1,135	409
9,000,000	8,000,000	8,000,000	8,500,000	8,500,000
15,000,000	15,000,000	15,000,000	13,500,000	13,500,000
8,000,000	8,000,000	8,000,000	7,720,000	7,360,000
18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
18,519	16,881	17,048	17,278	17,494

CITY OF DUBUQUE, IOWA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
	1997	1998	1999	2000	2001
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	18	18	18	18	18
Fire					
Stations	6	6	6	6	6
Aerial trucks	3	3	3	3	3
Public works					
Streets					
Miles (1)	*	*	*	*	*
Street lights (1)	*	*	*	*	1,191
Health and social services					
Hospital					
Number of patient beds	584	584	649	478	478
Cultural and recreation					
Library	1	1	1	1	1
Golf	1	1	1	1	1
Parks	33	33	33	38	38
Acreage	741	741	741	833	833
Recreation					
Civic center	1	1	1	1	1
Swimming pools	2	2	2	2	2
Softball fields	6	6	7	7	7
Baseball fields	1	1	1	1	1
Tennis courts	20	20	20	20	20
Sewer					
Sewage system					
Miles of sanitary sewer (1)	*	*	*	*	*
Miles of storm sewers (1)	*	*	*	*	*
Number of treatment plants	1	1	1	1	1
Number of service connectors	20,000	20,000	20,000	20,550	20,550
Water systems					
Miles of water mains	250	250	250	301	302
Number of service connectors	20,000	20,000	20,000	21,130	21,000
Number of city owned fire hydrants	2,004	2,004	2,004	2,635	2,685

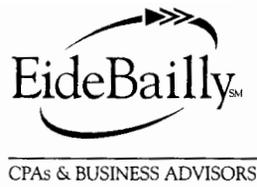
Sources: Various City Departments.

(1) City GIS System (* information not available).

Table 21

Fiscal Year				
2002	2003	2004	2005	2006
1	1	1	1	1
18	18	18	19	19
6	6	6	6	6
3	3	3	3	3
*	273	290	290	285
1,195	1,500	1,591	1,631	1,755
2	2	2	2	2
478	584	560	421	421
1	1	1	1	1
1	1	1	1	1
39	42	42	44	44
834	850	850	855	845
1	1	1	1	1
2	2	2	2	2
7	7	7	7	7
1	1	1	1	1
20	20	20	20	19
*	*	*	*	300
*	*	*	*	116
1	1	1	1	1
20,200	20,800	21,000	21,000	21,443
304.71	304.87	309.6	312	312.94
20,550	21,032	21,206	21,016	21,257
2,712	2,713	2,736	2,770	2,780

CITY OF DUBUQUE, IOWA



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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2006, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part II of the accompanying Schedule of Findings and Questioned Costs. 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.

We noted certain matters that we reported to management of the City of Dubuque, Iowa, in a separate letter dated October 25, 2006.

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

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

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
October 25, 2006



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

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

Compliance

We have audited the compliance of the City of Dubuque, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Dubuque, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

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

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

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
October 25, 2006

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct:			
Department of Housing and Urban Development:			
Community Development Block Grants/ Entitlement Grants	14.218	B-XX-MC-19-0004	\$ 2,374,428
Community Development Block Grants/ Technical Assistance Program	14.227	IA05SPG23	<u>47,276</u>
Fair Housing Assistance Program – State and Local	14.401	FF207K047006	5,320
Fair Housing Assistance Program – State and Local	14.401	FF207K067006	<u>47,600</u>
			<u>52,920</u>
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-002	17,882
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-005	<u>170,948</u>
			<u>188,830</u>
Section 8 Housing Choice Vouchers	14.871	KC-9004V	<u>4,359,175</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0243-03	<u>901,746</u>
Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0577	<u>40,704</u>
Department of Transportation:			
Airport Improvement Program	20.106	3-19-0028-34	7,377
Airport Improvement Program	20.106	3-19-0028-33	43,612
Airport Improvement Program	20.106	3-19-0028-39	46,455
Airport Improvement Program	20.106	3-19-0028-38	636,280
Airport Improvement Program	20.106	3-19-0028-37	<u>19,222</u>
			<u>752,946</u>
Federal Transit – Capital Investment Grants	20.500	IA-90-X299	145,857
Federal Transit – Formula Grants	20.507	IA-90-X299	90,878
Federal Transit – Formula Grants	20.507	IA-90-X305	586,508
Federal Transit – Formula Grants	20.507	IA-90-X282	<u>3,357</u>
			<u>826,600</u>
Payments for Small Community Air Service Development	20.930	OST-2003-15065-148	<u>30,425</u>

(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
Direct: (continued)			
Environmental Protection Agency: Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-98736401-0	\$ <u>200,000</u>
Department of Homeland Security: Assistance to Firefighters Grant	97.044	EMW-2005-FG-05114	<u>20,712</u>
Total Direct			<u>9,795,762</u>
Indirect:			
Department of the Interior: State Historical Preservation Office: Historic Preservation Fund Grants-In-Aid	15.904	2004-07	<u>14,438</u>
Department of Justice: Governor's Office of Drug Control Policy: Violence Against Women Formula Grants	16.588	VW-06-34A	<u>2,775</u>
Dubuque County, Iowa: Public Safety Partnership and Community Policing Grants	16.710	2003CKW0467	1,478
Iowa Department of Public Safety: Public Safety Partnership and Community Policing Grants	16.710	05-HOTSHOTS-14	<u>95,795</u> <u>97,273</u>
Helping Services for Northeast Iowa, Inc.: Enforcing Underage Drinking Laws Program	16.727	5885DV06	<u>955</u>
Department of Natural Resources: Highway Planning and Construction	20.205	02-R4-LN	<u>18,200</u>
Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction	20.205	BROS-2100(14)- -8J-31	151,814
Highway Planning and Construction	20.205	STP-E-2100(619)- -8J-31	114,925
Highway Planning and Construction	20.205	STP-U-2100(627)- -70-31	160,019
Highway Planning and Construction	20.205	STP-U-2100(634)- -70-31	551,505
Highway Planning and Construction	20.205	STP-E-2100(631)- -8V-31	<u>184,700</u> <u>1,162,963</u>
Federal Transit – Capital Investment Grants	20.500	03-0094-210-02	158,729
Federal Transit – Capital Investment Grants	20.500	03-0103-210-04	<u>88,108</u> <u>246,837</u>

(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Indirect: (continued)			
Department of Transportation: (continued)			
Iowa Department of Transportation: (continued)			
Job Access – Reverse Commute	20.516	37-X006-210-01	\$ <u>28,744</u>
Governor’s Traffic Safety Bureau:			
State and Community Highway Safety	20.600	06-04, TASK 12	14,416
State and Community Highway Safety	20.600	05-04, TASK 12	<u>5,406</u>
			<u>19,822</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	06-163, TASK 25	2,060
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	05-163, TASK 28	<u>16,832</u>
			<u>18,892</u>
Department of Education:			
Helping Services for Northeast Iowa, Inc.:			
Safe and Drug-Free Schools and Communities – State Grants	84.186	5885DV06	<u>1,039</u>
Department of Health and Human Services:			
Iowa Department of Public Health:			
Childhood Lead Poisoning Prevention Projects – State and Local	93.197	5885LP05	4,124
Childhood Lead Poisoning Prevention Projects – State and Local	93.197	5886LP05	<u>15,893</u>
			<u>20,017</u>
Department of Homeland Security:			
Iowa Department of Public Defense:			
Public Assistance Grants	97.036	FEMA-DR-1420-IA	<u>30,189</u>
Total indirect			<u>1,662,144</u>
Total			\$ <u>11,457,906</u>

CITY OF DUBUQUE, IOWA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$ 259,066

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 14.218 – Community Development Block Grants/Entitlement Grants
 - CFDA Number 20.106 – Airport Improvement Program
 - Cluster:
 - CFDA Number 20.500 – Federal Transit – Capital Investment Grants
 - CFDA Number 20.507 – Federal Transit – Formula Grants
 - CFDA Number 66.818 – Brownfields Assessment and Cleanup Cooperative Agreements
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$343,737.
- (i) The City of Dubuque, Iowa, qualified as a low-risk auditee.

Part II: Other Findings Related to Statutory Reporting:

- II-A-06 Certified Budget – Function disbursements during the year ended June 30, 2006, did not exceed the amount budgeted.
- II-B-06 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
- II-C-06 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

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

II-D-06 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
John Zenner, employee, owner of building	Building rent	\$ 885
Jan Anderson, employee, spouse is owner of Anderson Design & Consulting, Inc.	Architect services	\$ 21,949

In accordance with Chapter 362.5(4) of the Code of Iowa, the transactions with John Zenner and Anderson Design & Consulting, Inc., do not appear to represent conflicts of interest since the transactions were entered into through competitive bidding.

II-E-06 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-06 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

II-G-06 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

II-H-06 Revenue Bonds – No instances of non-compliance with the provisions of the City’s revenue bond resolutions were noted.

II-I-06 Solid Waste Fees Retainage – The Dubuque Metropolitan Area Solid Waste Agency, a component unit of the City, used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.