



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2007



THE CITY OF
DUBUQUE

Masterpiece on the Mississippi

About the Cover:

Historic Federal Building

Acquired by the City on July 1, 2006

Photo by:

Pregler Photography

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 17, 2007

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, 2007, 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 of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial operations have been included.

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 2007. 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 Principles (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 business or economic 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 3.54 percent. The City of Dubuque currently has a land area of 29.94 square miles, 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, \$69 million Briggs/Durrant mixed-use development project, \$8 million renovation of City-owned Dubuque Star Brewery by private developer for office and retail use, and a new \$20 million City parking ramp. The \$32 million McGraw-Hill Higher Education office building was completed in August 2007.

Development of the Dubuque Industrial Center West continues with several business expansions underway which include; Kendall/Hunt Publishing (80,000 square foot distribution center), Art's Way Manufacturing; National Dentex; Giese Manufacturing; Dubuque Screw Products; and Theisen's Supply. All of these projects are underway or completed as of October 1, 2007.

The Dubuque Technology Park on the south side has two new facilities just recently completed which added 134 new jobs and \$5,000,000 of capital investment. (Kunkel, Bounds and Associates and Sedgwick CMS/Straka Johnson Architects.) Entegee Engineering is constructing a new office building which will employ 95 and cost \$1 million to construct.

Downtown development continues at a brisk pace with the following projects: \$7 million expansion by Cottingham and Butler which will add 90 new jobs; \$1.5 million restoration of a historic building, the German Bank; renovation of the former Hartig Drug Stores for an expansion of McGladrey & Pullen's Dubuque Office, several façade improvements, and the renovation of the former Interstate Power Company headquarters.

A Carnegie Stout Public Library \$6.2 million renovation project is scheduled to begin in early 2008.

Conversion of the former Dubuque Casket Factory, \$6 million project completed in spring 2007 into 36 apartments and offices for Crescent Community Health Center and Project Concern, a Gronen Restoration project. Part of the Washington Neighborhood revitalization strategy including more than \$1 million public-private partnership in lending activities to promote home ownership.

The City Council approved a Revitalization Strategy for the Warehouse District in August 2007. The strategy defines six primary goals to be achieved in rehabilitating the area. The revitalization is expected to amount to \$200 million in investment from the private and public sectors over the next ten years.

Other major construction projects include a new Athletic and Wellness Center at Loras College to be completed in November 2007 and the University of Dubuque Chlapaty Recreation and Wellness Center to be completed in 2008. A 240-unit River Pointe condominium project should begin in the next few months. The new George Washington Carver Elementary School was completed in August 2007 by the Dubuque Community School District.

Demolition continues on the former meat packing plant to open 30 acres for future retail development on the Highway 151/61 corridor with nearly all of the materials from the former facility have been recycled.

The City continues to receive awards and recognition from a variety of sources including: 2007 All-America City; 2006 Iowa Great Place by Iowa Great Places Citizen Advisory Board; one of the 100 Best Communities for Young People by America's Promise Alliance for Youth; 2006 Urban Pioneer Award; ranked 22nd for job growth among 387 U.S. cities between 2005 and October 2006 by Moody's/Economy.com (Dubuque is the only Midwest city and one of six cold-weather cities in the top 25); ranked 11th in nation by Forbes magazine for "Best Small Places for Business"; Dubuque County has 3% of Iowa's population but in 2006 was responsible for 17.2% of jobs created; 2006 was the fifth consecutive year of record real estate sales in Dubuque.

The operation of a relocated Diamond Jo Casino in November, 2008 will have a negative impact on City revenue from Dubuque Greyhound Park and Casino, but a plan will be presented for the City Council as part of the FY 2009 budget process ending in March 2008.

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 Airport Layout Plan was approved by the FAA in fiscal year 2007. This action leads 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 in fiscal year 2007. To meet this continued 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 involve significant property acquisitions and engineering design to date.

Additionally, the City has begun a comprehensive study to provide added capacity for traffic flow and improved connectivity between the western growth areas and the downtown. Currently the US 20 Corridor serves as the single primary route for east-west travel in the City.

Beginning in 2006, the Dubuque City Council identified Green City Designation as one of its top priorities. Since then, many initiatives have been underway to begin to make Dubuque a more sustainable community. The City is in the process of completing several projects that will help it to achieve the Council's goal. They include participation in the Sustainable Design Assessment Team program, preparation of the Unified Development Code, completion of a green resources and energy use profile, and a variety of neighborhood-based green initiatives.

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/Revitalization

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, 2007, 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 \$2,931,040 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 \$329,306 as of June 30, 2007. 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 \$2,417,070 as of June 30, 2007. 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 bonds issued since 2003.

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, 2006. This was the 19th 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.


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Recognition for Budget Preparation to the City of Dubuque, Iowa, for its annual budget for the fiscal year ended June 30, 2007. In addition we received the award for the fiscal year ending June 30, 2008. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. This award is valid for a period of one year only.

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,

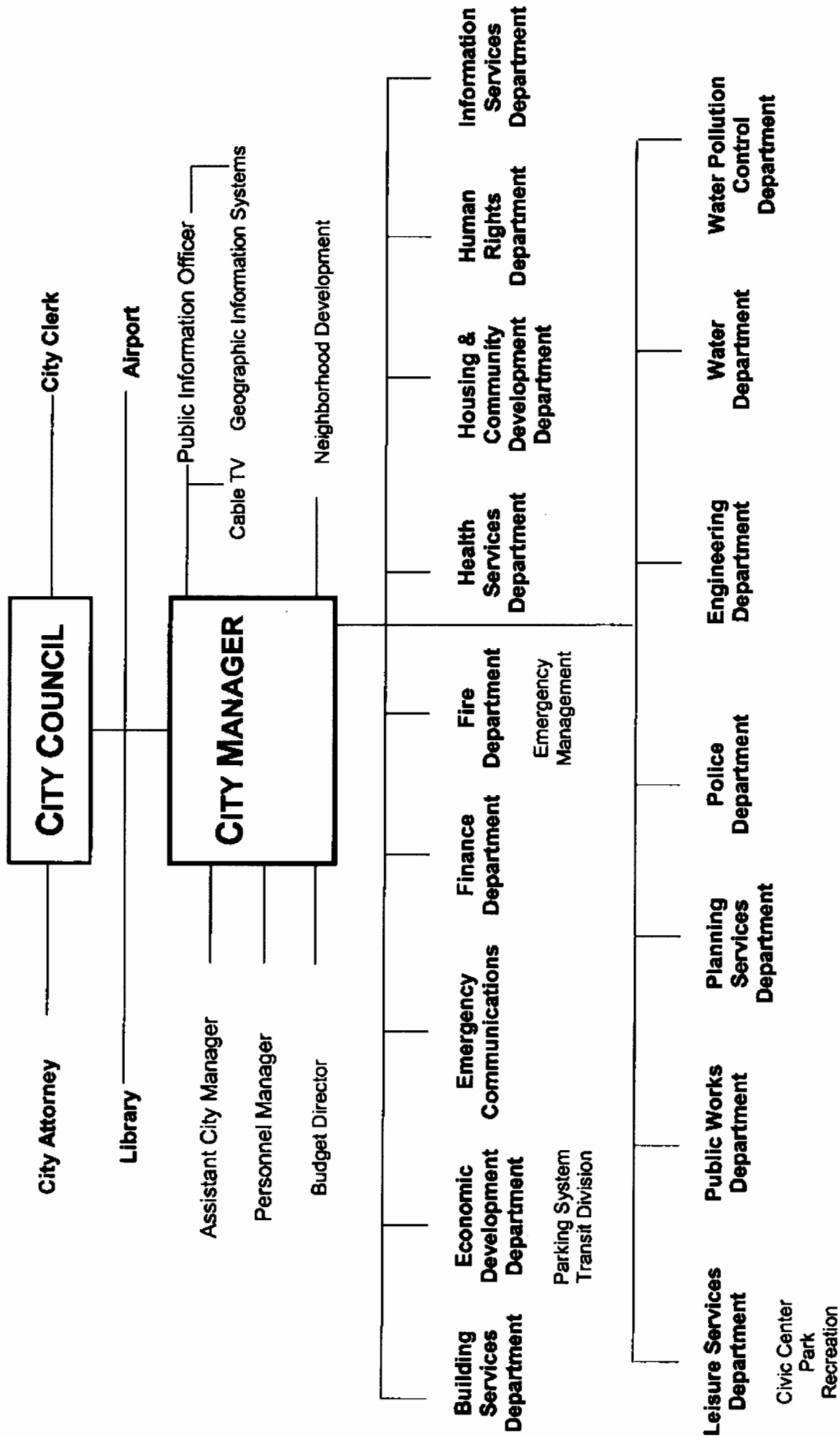


Michael C. Van Milligen
City Manager



Kenneth J. TeKippe, CPA
Finance Director

CITY OF DUBUQUE ORGANIZATIONAL CHART



CITY OF DUBUQUE, IOWA

OFFICIALS

JUNE 30, 2007

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

Robert A. Grierson
Therese H. Goodmann
Cynthia M. Steinhauser
Jenny M. Larson
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

Airport Manager
Assistant City 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, 2006

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



President

Executive Director

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, 2007, 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, 2007, 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 December 17, 2007, 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 "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
December 17, 2007

CITY OF DUBUQUE MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

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, 2007. 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 \$438,053,624 (net assets). This was an increase of \$30,850,820 over net assets at June 30, 2006. Unrestricted net assets at June 30, 2007 in the amount of \$33,136,471 may be used to meet the City's ongoing obligations to citizens and creditors.
- The revenues of the general fund exceeded expenses by \$2,467,955.
- The ending general fund balance was \$22,282,934.
- Within the City's business-type activities, revenues exceeded expenses and transfers by \$637,848.
- For the year, the revenues of the City's governmental activities exceeded expenses and transfers by \$30,312,972.
- The City's debt decreased by \$1,675,127 due to principal payments exceeding the issuance of new debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

The City maintains 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 \$438,053,624 at the close of the most recent fiscal year.

The largest part of the City's net assets (86.9%) 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 76,852,268	\$ 65,996,115	\$ 16,342,247	\$ 19,272,614	\$ 93,194,515	\$ 85,268,729
Capital assets	310,552,621	289,955,332	100,384,974	97,288,253	410,937,595	387,243,585
Total assets	<u>387,404,889</u>	<u>355,951,447</u>	<u>116,727,221</u>	<u>116,560,867</u>	<u>504,132,110</u>	<u>472,512,314</u>
Long-term liabilities	29,187,528	29,970,027	11,897,067	12,683,604	41,084,595	42,653,631
Other liabilities	23,416,487	21,393,518	1,577,404	1,262,361	24,993,891	22,655,879
Total liabilities	<u>52,604,015</u>	<u>51,363,545</u>	<u>13,474,471</u>	<u>13,945,965</u>	<u>66,078,486</u>	<u>65,309,510</u>
Net assets:						
Invested in capital assets, net of related debt	288,978,975	267,762,059	91,483,532	88,802,536	380,462,507	356,564,595
Restricted	23,900,328	21,693,357	554,318	554,294	24,454,646	22,247,651
Unrestricted	21,921,571	15,132,486	11,214,900	13,258,072	33,136,471	28,390,558
Total net assets	<u>\$ 334,800,874</u>	<u>\$ 304,587,902</u>	<u>\$ 103,252,750</u>	<u>\$ 102,614,902</u>	<u>\$ 438,053,624</u>	<u>\$ 407,202,804</u>

A portion of the City's net assets (7.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets (5.6%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal years 2007 and 2006, 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 \$30,212,972 or 97.9% of the total increase in net assets in 2007 and \$19,854,426 or 121.6% of the total increase in net assets in 2006. Taxes are the largest source of governmental revenues with property taxes of \$21,656,908 in 2007. Other governmental revenues included gaming of \$15,556,551, local option sales taxes of \$7,817,403, hotel/motel tax of \$1,569,743, and \$10,023,217 of charges for services.

Governmental expenses during 2007 totaled \$65,736,657. The largest programs were public safety of \$20,326,724, public works of \$16,506,560, community and economic development of \$11,965,805 and culture and recreation of \$9,837,299. 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	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues						
Charges for services	\$ 10,023,217	\$ 8,294,007	\$ 16,090,766	\$ 15,352,964	\$ 26,113,983	\$ 23,646,971
Operating grants and contributions	11,641,904	12,902,410	1,167,344	920,762	12,809,248	13,823,172
Capital grants and contributions	23,741,282	6,881,573	1,670,874	2,769,657	25,412,156	9,651,230
General revenues						
Property taxes	21,656,908	19,716,620	-	-	21,656,908	19,716,620
Local option sales tax	7,817,403	7,336,124	-	-	7,817,403	7,336,124
Hotel/motel tax	1,569,743	1,862,439	-	-	1,569,743	1,862,439
Utility franchise fees	1,492,920	1,521,201	-	-	1,492,920	1,521,201
Gaming	15,556,551	14,034,847	-	-	15,556,551	14,034,847
Unrestricted investment earnings	1,870,403	1,081,141	796,636	339,599	2,667,039	1,420,740
Gain on sale of capital assets	-	77,627	-	703	-	78,330
Other	586,931	572,602	-	-	586,931	572,602
Total revenues	<u>95,957,262</u>	<u>74,280,591</u>	<u>19,725,620</u>	<u>19,383,685</u>	<u>115,682,882</u>	<u>93,664,276</u>
Expenses:						
Public safety	20,326,724	18,892,980	-	-	20,326,724	18,892,980
Public works	16,506,560	16,390,322	-	-	16,506,560	16,390,322
Health and social services	759,367	678,748	-	-	759,367	678,748
Culture and recreation	9,837,299	9,627,505	-	-	9,837,299	9,627,505
Community and economic development	11,965,805	8,541,167	-	-	11,965,805	8,541,167
General government	4,940,154	3,868,687	-	-	4,940,154	3,868,687
Interest on long-term debt	1,400,748	1,460,730	-	-	1,400,748	1,460,730
Sewage disposal works	-	-	5,814,076	5,298,353	5,814,076	5,298,353
Water utility	-	-	4,780,063	4,700,483	4,780,063	4,700,483
Stormwater utility	-	-	1,198,675	1,153,628	1,198,675	1,153,628
Parking facilities	-	-	1,611,447	1,629,427	1,611,447	1,629,427
America's River Project	-	-	434,667	82,617	434,667	82,617
Refuse collection	-	-	2,496,018	2,463,795	2,496,018	2,463,795
Transit system	-	-	2,760,459	2,555,080	2,760,459	2,555,080
Total expenses	<u>65,736,657</u>	<u>59,460,139</u>	<u>19,095,405</u>	<u>17,883,383</u>	<u>84,832,062</u>	<u>77,343,522</u>
Increase in net assets before transfers	30,220,605	14,820,452	630,215	1,500,302	30,850,820	16,320,754
Transfers	(7,633)	5,033,974	7,633	(5,033,974)	-	-
Increase (decrease) in net assets	30,212,972	19,854,426	637,848	(3,533,672)	30,850,820	16,320,754
Net assets, beginning	<u>304,587,902</u>	<u>284,733,476</u>	<u>102,614,902</u>	<u>106,148,574</u>	<u>407,202,804</u>	<u>390,882,050</u>
Net assets, ending	<u>\$ 334,800,874</u>	<u>\$ 304,587,902</u>	<u>\$ 103,252,750</u>	<u>\$ 102,614,902</u>	<u>\$ 438,053,624</u>	<u>\$ 407,202,804</u>

Business-type activities. Business type activities increased net assets by \$637,848 while the City's net assets increased by \$30,850,820 at June 30, 2007.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

The City's governmental funds reported a combined fund balance of \$48,123,530 at June 30, 2007. 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 \$1,502 to \$107,032. The unreserved fund balance of special revenue community development decreased by \$258,262 to \$2,752,831.

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, 2007 totaled \$103,252,750 of which 10.9% (\$11,214,900) is unrestricted. The net assets of the internal service funds are \$2,824,499 a \$1,026,166 increase from the 2006 total net assets. The unrestricted net assets of the internal service funds are \$2,781,736 (98.5%). 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 \$452,330 for total net assets of \$39,092,074 at June 30, 2007. The water utility had an increase in net assets of \$699,790 for total net assets of \$24,123,497. The stormwater utility had an increase in net assets of \$848,632 for total net assets of \$22,090,325. The parking facilities had an increase in net assets of \$433,204 for total net assets of \$14,129,473. The America's River Project had a decrease in net assets of \$1,636,759 for total net assets deficit of \$137,614.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2006-2007 budget. The first amendment was passed in November 2006 to reflect operating and capital budget carryovers (continuing appropriation authority) from 2006 and amends the FY 2007 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in May 2007 to reflect City Council actions since the first budget amendment and amendments to add additional appropriation authority due to increased revenues.

The final budget for total receipts increased by \$29,960,887. 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 \$57,165,544 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 \$32,167,950 less than the final amended budget, and expenditures were \$70,633,218 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, 2007, amounts to \$410,937,595 (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	
	2007	2006	2007	2006	2007	2006
Land	\$ 51,912,748	\$ 53,123,477	\$ 3,364,857	\$ 3,364,857	\$ 55,277,605	\$ 56,488,334
Buildings	101,663,541	83,296,610	60,964,620	59,884,954	162,628,161	143,181,564
Improvements other than buildings	15,028,954	13,683,762	55,727,107	53,679,236	70,756,061	67,362,998
Machinery and equipment	25,636,645	23,547,518	47,778,284	46,213,780	73,414,929	69,761,298
Infrastructure	178,774,083	173,355,062	-	-	178,774,083	173,355,062
Construction in progress	16,067,956	16,088,502	5,298,854	3,811,234	21,366,810	19,899,736
Accumulated depreciation	(78,531,306)	(73,139,599)	(72,748,748)	(69,665,808)	(151,280,054)	(142,805,407)
	<u>\$ 310,552,621</u>	<u>\$ 289,955,332</u>	<u>\$ 100,384,974</u>	<u>\$ 97,288,253</u>	<u>\$ 410,937,595</u>	<u>\$ 387,243,585</u>

Major expenditures during 2006-2007 were for acquisition of Historic Federal Building; Bee Branch Stormwater Project, parking improvements adjacent to Crescent Community Health Center, fire vehicle for Airport, A.Y. McDonald Park improvements, and streets, water and sewer projects.

Long-term debt. At year end the City had \$38,360,955 of debt outstanding. This is a decrease of \$1,675,127 from June 30, 2006. New debt issued during the current year included \$747,384 of notes payable for Chavenelle Warehouse Development, LLC/Theisen's Supply. 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 \$145,400,539. With general obligation debt of \$38,059,507 we are utilizing 26.18% 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 3.7%, a .2% increase from the prior year, and is slightly lower than the State of Iowa rate of 3.8%, and lower than the 4.5% national rate.

The City continues to enjoy growth in assessed valuation of taxable property net of exemptions (4.2% for total of \$1,771,232,000). In fiscal year 2007, 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 per single family unit (SFU).

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.

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2007

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	\$ 39,282,092	\$ 13,593,439	\$ 52,875,531	\$ 6,140,784
Receivables				
Property tax				
Delinquent	185,253	-	185,253	-
Succeeding year	18,184,037	-	18,184,037	-
Accounts and other	2,569,569	2,376,603	4,946,172	240,652
Special assessments	470,876	-	470,876	-
Accrued interest	394,365	119,942	514,307	158,597
Notes	793,202	-	793,202	-
Intergovernmental	3,831,467	36,872	3,868,339	-
Internal balances	798,309	(798,309)	-	-
Inventories	226,783	454,043	680,826	-
Prepaid items	19,780	5,339	25,119	-
Total Current Assets	66,755,733	15,787,929	82,543,662	6,540,033
NONCURRENT ASSETS				
Temporarily restricted cash and pooled cash investments	395,825	554,318	950,143	3,563,765
Permanently restricted cash and pooled cash investments	22,391	-	22,391	-
Notes receivable	9,678,319	-	9,678,319	-
Capital assets				
Land	51,912,748	3,364,857	55,277,605	1,586,092
Buildings	101,663,541	60,964,620	162,628,161	65,922
Improvements other than buildings	15,028,954	55,727,107	70,756,061	7,468,652
Machinery and equipment	25,636,645	47,778,284	73,414,929	2,201,318
Infrastructure	178,774,083	-	178,774,083	-
Construction in progress	16,067,956	5,298,854	21,366,810	-
Accumulated depreciation	(78,531,306)	(72,748,748)	(151,280,054)	(6,533,948)
Total Noncurrent Assets	320,649,156	100,939,292	421,588,448	8,351,801
Total Assets	387,404,889	116,727,221	504,132,110	14,891,834

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2007

EXHIBIT 1
(continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 3,700,499	\$ 1,353,778	\$ 5,054,277	\$ 63,644
Accrued payroll	817,519	181,027	998,546	23,837
Notes payable	58,703	-	58,703	-
General obligation bonds payable	1,220,000	575,000	1,795,000	-
Revenue bonds payable	-	230,000	230,000	-
Tax increment financing bonds payable	483,430	-	483,430	-
Accrued compensated absences	2,442,166	281,474	2,723,640	47,837
Accrued interest payable	88,043	42,599	130,642	-
Intergovernmental payable	3,218	-	3,218	54,544
Unearned revenue				
Succeeding year property tax	18,184,037	-	18,184,037	-
Other	623,171	-	623,171	-
Total Current Liabilities	<u>27,620,786</u>	<u>2,663,878</u>	<u>30,284,664</u>	<u>189,862</u>
NONCURRENT LIABILITIES				
Notes payable	1,221,182	-	1,221,182	-
General obligation bonds payable	21,650,646	10,320,593	31,971,239	-
Revenue bonds payable	-	490,000	490,000	-
Landfill closure and postclosure care	-	-	-	2,636,411
Tax increment financing bonds payable	2,111,401	-	2,111,401	-
Total Noncurrent Liabilities	<u>24,983,229</u>	<u>10,810,593</u>	<u>35,793,822</u>	<u>2,636,411</u>
Total Liabilities	<u>52,604,015</u>	<u>13,474,471</u>	<u>66,078,486</u>	<u>2,826,273</u>
NET ASSETS				
Invested in capital assets, net of related debt	288,978,975	91,483,532	380,462,507	4,788,036
Restricted for/by				
Bond ordinance	247,456	554,318	801,774	-
Debt service	3,154	-	3,154	-
Employee benefits	107,032	-	107,032	-
Community development	14,067,419	-	14,067,419	-
Streets	2,290,263	-	2,290,263	-
Capital projects	6,272,765	-	6,272,765	-
Franchise agreement	453,632	-	453,632	-
Endowments				
Expendable	115,825	-	115,825	-
Nonexpendable	22,391	-	22,391	-
Other	320,391	-	320,391	-
State statute	-	-	-	296,307
Minority interest	-	-	-	1,584,737
Unrestricted	<u>21,921,571</u>	<u>11,214,900</u>	<u>33,136,471</u>	<u>5,396,481</u>
Total Net Assets	<u>\$ 334,800,874</u>	<u>\$ 103,252,750</u>	<u>\$ 438,053,624</u>	<u>\$ 12,065,561</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and Contributions	Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
Public safety	\$ 20,326,724	\$ 1,857,324	\$ 575,078	\$ 16,517,106
Public works	16,506,560	4,839,781	4,828,848	7,008,841
Health and social services	759,367	86,494	80,109	-
Culture and recreation	9,837,299	2,251,562	281,169	26,000
Community and economic development	11,965,805	271,049	5,870,350	189,335
General government	4,940,154	717,007	6,350	-
Interest on long-term debt	1,400,748	-	-	-
Total governmental activities	65,736,657	10,023,217	11,641,904	23,741,282
Business-type activities				
Sewage disposal works	5,814,076	5,259,432	-	561,066
Water utility	4,780,063	4,743,896	-	537,894
Stormwater utility	1,198,675	1,227,243	-	293,991
Parking facilities	1,611,447	1,977,757	-	-
America's River Project	434,667	3,099	-	203,000
Refuse collection	2,496,018	2,642,251	8,151	-
Transit system	2,760,459	237,088	1,159,193	74,923
Total business-type activities	19,095,405	16,090,766	1,167,344	1,670,874
Total primary government	\$ 84,832,062	\$ 26,113,983	\$ 12,809,248	\$ 25,412,156
Component unit				
Dubuque Metropolitan Area Solid Waste Agency	\$ 2,884,011	\$ 2,736,343	\$ 25,637	\$ -
General revenues				
Property taxes				
Local option sales tax				
Hotel/motel tax				
Utility franchise fees				
Gaming				
Unrestricted investment earnings				
Other				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning				
Net assets, ending				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
\$ (1,377,216)	\$ -	\$ (1,377,216)	\$ -
170,910	-	170,910	-
(592,764)	-	(592,764)	-
(7,278,568)	-	(7,278,568)	-
(5,635,071)	-	(5,635,071)	-
(4,216,797)	-	(4,216,797)	-
(1,400,748)	-	(1,400,748)	-
(20,330,254)	-	(20,330,254)	-
-	6,422	6,422	-
-	501,727	501,727	-
-	322,559	322,559	-
-	366,310	366,310	-
-	(228,568)	(228,568)	-
-	154,384	154,384	-
-	(1,289,255)	(1,289,255)	-
-	(166,421)	(166,421)	-
(20,330,254)	(166,421)	(20,496,675)	-
-	-	-	(122,031)
21,656,908	-	21,656,908	-
7,817,403	-	7,817,403	-
1,569,743	-	1,569,743	-
1,492,920	-	1,492,920	-
15,556,551	-	15,556,551	-
1,870,403	796,636	2,667,039	493,518
586,931	-	586,931	-
(7,633)	7,633	-	-
50,543,226	804,269	51,347,495	493,518
30,212,972	637,848	30,850,820	371,487
304,587,902	102,614,902	407,202,804	11,694,074
<u>\$ 334,800,874</u>	<u>\$ 103,252,750</u>	<u>\$ 438,053,624</u>	<u>\$ 12,065,561</u>

CITY OF DUBUQUE, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

EXHIBIT 3

	General	Special Revenue Employee Benefits	Community Development	Capital Projects Street Construction	Other Governmental Funds	Total
ASSETS						
Cash and pooled cash investments	\$ 20,581,234	\$ 88,994	\$ 2,188,132	\$ 526,150	\$ 11,954,368	\$ 35,338,878
Receivables						
Property tax						
Delinquent	160,300	20,989	-	-	3,964	185,253
Succeeding year	15,347,912	2,452,721	-	-	383,404	18,184,037
Accounts and other	1,910,941	-	-	-	651,854	2,562,795
Special assessments	-	-	-	-	470,876	470,876
Accrued interest	238,745	-	36,768	-	84,368	359,881
Notes	-	-	10,468,378	-	3,143	10,471,521
Intergovernmental	1,176,732	-	128,775	1,873,218	652,742	3,831,467
Due from other funds	516,444	-	-	-	-	516,444
Inventories	172,034	-	-	-	-	172,034
Advances to other funds	297,587	-	-	-	-	297,587
Prepaid items	18,993	-	787	-	-	19,780
Restricted cash and pooled cash investments	-	-	-	-	418,216	418,216
Total Assets	<u>\$ 40,420,922</u>	<u>\$ 2,562,704</u>	<u>\$ 12,822,840</u>	<u>\$ 2,399,368</u>	<u>\$ 14,622,935</u>	<u>\$ 72,828,769</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,364,394	\$ -	\$ 46,316	\$ 220,602	\$ 895,087	\$ 2,526,399
Accrued payroll	663,598	-	19,552	-	66,707	749,857
Intergovernmental payable	-	-	-	-	3,218	3,218
Deferred revenue						
Succeeding year property tax	15,347,912	2,452,721	-	-	383,404	18,184,037
Other	762,084	2,951	-	1,492,735	983,958	3,241,728
Total Liabilities	<u>18,137,988</u>	<u>2,455,672</u>	<u>65,868</u>	<u>1,713,337</u>	<u>2,332,374</u>	<u>24,705,239</u>
FUND BALANCES						
Reserved for/by						
Encumbrances	4,157,716	-	328,265	1,591,497	2,070,105	8,147,583
Long-term notes receivable	-	-	9,675,876	-	2,443	9,678,319
Advances	297,587	-	-	-	-	297,587
Bond ordinance	-	-	-	-	247,456	247,456
Debt service	-	-	-	-	3,154	3,154
Franchise agreement	-	-	-	-	1,332	1,332
Endowments	-	-	-	-	22,391	22,391
Unreserved						
Designated for						
Future equipment and capital maintenance	6,824,039	-	-	-	-	6,824,039
Future cash flow	3,631,633	-	-	-	-	3,631,633
Undesignated reported in						
General fund	7,371,959	-	-	-	-	7,371,959
Special revenue funds	-	107,032	2,752,831	-	4,727,035	7,586,898
Capital projects funds	-	-	-	(905,466)	5,100,820	4,195,354
Permanent funds	-	-	-	-	115,825	115,825
Total Fund Balances	<u>22,282,934</u>	<u>107,032</u>	<u>12,756,972</u>	<u>686,031</u>	<u>12,290,561</u>	<u>48,123,530</u>
Total Liabilities and Fund Balances	<u>\$ 40,420,922</u>	<u>\$ 2,562,704</u>	<u>\$ 12,822,840</u>	<u>\$ 2,399,368</u>	<u>\$ 14,622,935</u>	<u>\$ 72,828,769</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, 2007

EXHIBIT 3-1

Total fund balances - governmental funds \$ 48,123,530

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	\$ 388,977,299	
Accumulated depreciation	<u>(78,467,441)</u>	
		310,509,858

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	28,707	
Special assessments	411,322	
Other	<u>2,178,529</u>	
		2,618,558

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.

2,824,499

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	(22,870,646)	
Tax increment financing bonds	(2,594,831)	
Notes payable	(1,279,885)	
Accrued interest	(88,043)	
Compensated absences	<u>(2,442,166)</u>	
		<u>(29,275,571)</u>

Net assets of governmental activities	<u>\$ 334,800,874</u>
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CITY OF DUBUQUE, IOWA
EXHIBIT 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

		Special Revenue		Capital Projects	Other	
	General	Employee Benefits	Community Development	Street Construction	Governmental Funds	Total
REVENUES						
Taxes	\$ 21,891,112	\$ 1,943,972	\$ -	\$ 2,345,221	\$ 6,346,220	\$ 32,526,525
Special assessments	-	-	-	-	586,459	586,459
Licenses and permits	1,052,896	-	-	-	-	1,052,896
Intergovernmental	1,405,074	-	1,554,895	2,502,617	11,282,117	16,744,703
Charges for services	7,157,644	-	-	-	193,547	7,351,191
Fines and forfeits	158,360	-	-	-	-	158,360
Investment earnings	1,311,924	-	119,533	-	481,963	1,913,420
Contributions	156,099	-	-	-	1,012,364	1,168,463
Gaming	15,556,551	-	-	-	-	15,556,551
Miscellaneous	331,488	-	16,264	81,041	720,753	1,149,546
Total Revenues	<u>49,021,148</u>	<u>1,943,972</u>	<u>1,690,692</u>	<u>4,928,879</u>	<u>20,623,423</u>	<u>78,208,114</u>
EXPENDITURES						
Current						
Public safety	20,669,064	-	-	-	74,132	20,743,196
Public works	7,848,255	-	54,671	-	4,603,452	12,506,378
Health and social services	675,367	-	81,994	-	25,848	783,209
Culture and recreation	9,843,563	-	127,262	-	273,419	10,244,244
Community and economic development	3,509,902	-	2,102,821	-	6,083,179	11,695,902
General government	3,954,426	398	-	-	486,219	4,441,043
Debt service	52,616	-	-	-	3,022,735	3,075,351
Capital projects	-	-	-	5,195,071	3,032,186	8,227,257
Total Expenditures	<u>46,553,193</u>	<u>398</u>	<u>2,366,748</u>	<u>5,195,071</u>	<u>17,601,170</u>	<u>71,716,580</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>2,467,955</u>	<u>1,943,574</u>	<u>(676,056)</u>	<u>(266,192)</u>	<u>3,022,253</u>	<u>6,491,534</u>
OTHER FINANCING SOURCES (USES)						
Issuance of bonds	-	-	-	-	743,591	743,591
Transfers in	4,962,088	-	363,338	2,701,360	2,367,940	10,394,726
Transfers out	(3,205,210)	(1,942,072)	(6,447)	(422,044)	(6,213,775)	(11,789,548)
Sale of capital assets	529,963	-	-	-	2,281,520	2,811,483
Total Other Financing Sources (Uses)	<u>2,286,841</u>	<u>(1,942,072)</u>	<u>356,891</u>	<u>2,279,316</u>	<u>(820,724)</u>	<u>2,160,252</u>
NET CHANGE IN FUND BALANCES	<u>4,754,796</u>	<u>1,502</u>	<u>(319,165)</u>	<u>2,013,124</u>	<u>2,201,529</u>	<u>8,651,786</u>
FUND BALANCES (DEFICIT), BEGINNING	<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>
FUND BALANCES, ENDING	<u>\$ 22,282,934</u>	<u>\$ 107,032</u>	<u>\$ 12,756,972</u>	<u>\$ 686,031</u>	<u>\$ 12,290,561</u>	<u>\$ 48,123,530</u>

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, 2007

EXHIBIT 4-1

Net change in fund balances - total governmental funds	\$	8,651,786	
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	\$	10,297,259	
Transfers of capital assets from enterprise funds		2,713,626	
Transfers of capital assets to enterprise funds		(970,232)	
Contributions from developers and federal government		18,596,070	
Depreciation expense		<u>(6,854,945)</u>	
			23,781,778
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.			
			(3,191,336)
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		2,251	
Special assessments		346,692	
Other		<u>(1,195,869)</u>	
			(846,926)
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		(743,591)	
Debt repayments		<u>1,663,340</u>	
			919,749
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		9,005	
Amortization of bond discount		2,259	
Increase in compensated absences		<u>(139,509)</u>	
Total additional expenses			(128,245)
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.			
			<u>1,026,166</u>
Change in net assets of governmental activities	\$	<u>30,212,972</u>	

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	\$ 5,185,777	\$ 987,668	\$ 4,913,727	\$ 1,524,979
Receivables				
Accounts	1,100,826	795,668	153,182	51,452
Accrued interest	52,658	15,836	23,405	22,176
Intergovernmental	-	-	-	-
Inventories	-	444,747	-	-
Prepaid items	5,339	-	-	-
Total Current Assets	<u>6,344,600</u>	<u>2,243,919</u>	<u>5,090,314</u>	<u>1,598,607</u>
NONCURRENT ASSETS				
Restricted cash and pooled cash investments	-	-	-	554,318
Capital assets				
Land	167,855	37,449	1,827,344	1,296,209
Buildings	31,590,936	7,350,936	-	20,135,184
Improvements other than buildings	29,290,356	520,295	25,679,335	237,121
Machinery and equipment	6,919,232	33,972,842	925,265	587,628
Construction in progress	1,585,911	448,169	2,365,327	453,604
Accumulated depreciation	<u>(35,819,747)</u>	<u>(18,125,100)</u>	<u>(7,576,519)</u>	<u>(6,742,207)</u>
Net Capital Assets	<u>33,734,543</u>	<u>24,204,591</u>	<u>23,220,752</u>	<u>15,967,539</u>
Total Noncurrent Assets	<u>33,734,543</u>	<u>24,204,591</u>	<u>23,220,752</u>	<u>16,521,857</u>
 Total Assets	 <u>40,079,143</u>	 <u>26,448,510</u>	 <u>28,311,066</u>	 <u>18,120,464</u>

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 981,288	\$ 13,593,439	\$ 3,943,214
-	275,475	2,376,603	6,774
-	5,867	119,942	34,484
-	36,872	36,872	-
-	9,296	454,043	54,749
-	-	5,339	-
-	1,308,798	16,586,238	4,039,221
-	-	554,318	-
-	36,000	3,364,857	-
-	1,887,564	60,964,620	-
-	-	55,727,107	-
-	5,373,317	47,778,284	106,628
445,843	-	5,298,854	-
-	(4,485,175)	(72,748,748)	(63,865)
445,843	2,811,706	100,384,974	42,763
445,843	2,811,706	100,939,292	42,763
445,843	4,120,504	117,525,530	4,081,984

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 842,053	\$ 132,978	\$ 67,399	\$ 190,929
Accrued payroll	42,819	42,872	-	16,714
General obligation bonds payable	-	150,000	260,000	165,000
Revenue bonds payable	-	-	-	230,000
Accrued compensated absences	102,197	96,756	3,925	29,393
Accrued interest payable	-	5,624	20,775	16,200
Due to other funds	-	-	-	-
Advances from other funds	-	297,587	-	-
Total Current Liabilities	<u>987,069</u>	<u>725,817</u>	<u>352,099</u>	<u>648,236</u>
NONCURRENT LIABILITIES				
General obligation bonds payable (net of discount of \$78,452 and deferred amount on refunding of \$115,955)	-	1,599,196	5,868,642	2,852,755
Revenue bonds payable	-	-	-	490,000
Total Noncurrent Liabilities	<u>-</u>	<u>1,599,196</u>	<u>5,868,642</u>	<u>3,342,755</u>
Total Liabilities	<u>987,069</u>	<u>2,325,013</u>	<u>6,220,741</u>	<u>3,990,991</u>
NET ASSETS				
Invested in capital assets, net of related debt	33,734,543	22,455,395	19,473,858	12,562,187
Restricted by bond ordinance	-	-	-	554,318
Unrestricted	<u>5,357,531</u>	<u>1,668,102</u>	<u>2,616,467</u>	<u>1,012,968</u>
Total Net Assets (Deficit)	<u>\$ 39,092,074</u>	<u>\$ 24,123,497</u>	<u>\$ 22,090,325</u>	<u>\$ 14,129,473</u>

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Governmental</u>
<u>America's</u> <u>River</u> <u>Project</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Activities-</u> <u>Internal</u> <u>Service Funds</u>
\$ 82,735	\$ 37,684	\$ 1,353,778	\$ 1,174,101
-	78,622	181,027	67,662
-	-	575,000	-
-	-	230,000	-
-	49,203	281,474	-
-	-	42,599	-
500,722	-	500,722	15,722
-	-	297,587	-
<u>583,457</u>	<u>165,509</u>	<u>3,462,187</u>	<u>1,257,485</u>
-	-	10,320,593	-
-	-	490,000	-
-	-	<u>10,810,593</u>	-
<u>583,457</u>	<u>165,509</u>	<u>14,272,780</u>	<u>1,257,485</u>
445,843	2,811,706	91,483,532	42,763
-	-	554,318	-
<u>(583,457)</u>	<u>1,143,289</u>	<u>11,214,900</u>	<u>2,781,736</u>
<u>\$ (137,614)</u>	<u>\$ 3,954,995</u>	<u>\$ 103,252,750</u>	<u>\$ 2,824,499</u>

CITY OF DUBUQUE, IOWA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICIT)

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
OPERATING REVENUES				
Charges for sales and services	\$ 5,259,432	\$ 4,720,473	\$ 1,226,195	\$ 1,977,681
Other	-	23,423	1,048	76
Total Operating Revenues	<u>5,259,432</u>	<u>4,743,896</u>	<u>1,227,243</u>	<u>1,977,757</u>
OPERATING EXPENSES				
Employee expense	1,820,985	1,825,467	127,957	653,340
Utilities	539,442	540,289	222	84,747
Repairs and maintenance	372,642	92,760	75	59,143
Supplies and services	1,885,947	1,381,918	477,152	182,460
Insurance	82,615	75,156	-	34,722
Depreciation	1,112,445	774,159	350,267	395,897
Total Operating Expenses	<u>5,814,076</u>	<u>4,689,749</u>	<u>955,673</u>	<u>1,410,309</u>
OPERATING INCOME (LOSS)	<u>(554,644)</u>	<u>54,147</u>	<u>271,570</u>	<u>567,448</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	-	-
Investment earnings	290,233	81,524	261,669	135,137
Contributions	163,073	78,124	-	-
Interest expense	-	(90,314)	(243,002)	(201,138)
Loss on disposal of assets	-	-	-	-
Net Nonoperating Revenues (Expenses)	<u>453,306</u>	<u>69,334</u>	<u>18,667</u>	<u>(66,001)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(101,338)</u>	<u>123,481</u>	<u>290,237</u>	<u>501,447</u>
CAPITAL CONTRIBUTIONS	788,237	910,049	423,700	-
TRANSFERS IN	733,947	214,688	865,318	13,522
TRANSFERS OUT	<u>(968,516)</u>	<u>(548,428)</u>	<u>(730,623)</u>	<u>(81,765)</u>
CHANGE IN NET ASSETS	452,330	699,790	848,632	433,204
NET ASSETS, BEGINNING	<u>38,639,744</u>	<u>23,423,707</u>	<u>21,241,693</u>	<u>13,696,269</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 39,092,074</u>	<u>\$ 24,123,497</u>	<u>\$ 22,090,325</u>	<u>\$ 14,129,473</u>

See notes to financial statements.

Enterprise Funds			Governmental
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds
\$ -	\$ 2,876,114	\$ 16,059,895	\$ 9,715,071
3,099	3,225	30,871	324,684
<u>3,099</u>	<u>2,879,339</u>	<u>16,090,766</u>	<u>10,039,755</u>
-	2,771,532	7,199,281	2,213,138
-	77,440	1,242,140	22,506
-	678,918	1,203,538	13,031
434,667	997,645	5,359,789	6,070,626
-	73,413	265,906	509,437
-	540,132	3,172,900	6,147
<u>434,667</u>	<u>5,139,080</u>	<u>18,443,554</u>	<u>8,834,885</u>
<u>(431,568)</u>	<u>(2,259,741)</u>	<u>(2,352,788)</u>	<u>1,204,870</u>
200,000	1,242,267	1,442,267	-
-	28,073	796,636	177,501
3,000	-	244,197	-
-	-	(534,454)	-
-	(117,397)	(117,397)	-
<u>203,000</u>	<u>1,152,943</u>	<u>1,831,249</u>	<u>177,501</u>
(228,568)	(1,106,798)	(521,539)	1,382,371
-	-	2,121,986	-
1,513,812	947,449	4,288,736	20,490
<u>(2,922,003)</u>	<u>-</u>	<u>(5,251,335)</u>	<u>(376,695)</u>
(1,636,759)	(159,349)	637,848	1,026,166
<u>1,499,145</u>	<u>4,114,344</u>	<u>102,614,902</u>	<u>1,798,333</u>
<u>\$ (137,614)</u>	<u>\$ 3,954,995</u>	<u>\$ 103,252,750</u>	<u>\$ 2,824,499</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 5,083,578	\$ 4,615,745	\$ 1,181,593	\$ 2,023,123
Cash payments to suppliers for goods and services	(2,243,728)	(2,112,751)	(523,222)	(616,488)
Cash payments to employees for services	(1,808,441)	(1,824,775)	(127,451)	(648,087)
Other operating receipts	-	23,423	1,048	76
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,031,409</u>	<u>701,642</u>	<u>531,968</u>	<u>758,624</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	733,947	214,688	865,318	13,522
Transfers to other funds	(968,516)	(548,428)	(730,623)	(81,765)
Proceeds from interfund balances	-	-	-	-
Payment of interfund balances	-	(40,951)	-	-
Intergovernmental grant proceeds	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(234,569)</u>	<u>(374,691)</u>	<u>134,695</u>	<u>(68,243)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,714,907)	(708,711)	(1,406,266)	(724,134)
Payment of debt	-	(150,000)	(240,000)	(359,250)
Interest paid	-	(90,612)	(266,534)	(203,687)
Contributions	163,073	78,124	-	-
Intergovernmental grant proceeds	-	-	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,551,834)</u>	<u>(871,199)</u>	<u>(1,912,800)</u>	<u>(1,287,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>271,558</u>	<u>77,410</u>	<u>262,007</u>	<u>125,988</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(483,436)</u>	<u>(466,838)</u>	<u>(984,130)</u>	<u>(470,702)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>5,669,213</u>	<u>1,454,506</u>	<u>5,897,857</u>	<u>2,549,999</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 5,185,777</u>	<u>\$ 987,668</u>	<u>\$ 4,913,727</u>	<u>\$ 2,079,297</u>

<u>Enterprise Funds</u>			<u>Governmental</u>
<u>America's</u> <u>River</u> <u>Project</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Activities-</u> <u>Internal</u> <u>Service Funds</u>
\$ 32,142	\$ 2,851,130	\$ 15,787,311	\$ 9,714,704
(434,667)	(1,814,405)	(7,745,261)	(6,479,178)
-	(2,818,877)	(7,227,631)	(2,200,430)
3,099	3,225	30,871	324,684
<u>(399,426)</u>	<u>(1,778,927)</u>	<u>845,290</u>	<u>1,359,780</u>
1,513,812	947,449	4,288,736	20,490
(835,719)	-	(3,165,051)	(376,695)
500,722	-	500,722	15,722
-	-	(40,951)	(23,390)
-	1,246,662	1,246,662	-
<u>1,178,815</u>	<u>2,194,111</u>	<u>2,830,118</u>	<u>(363,873)</u>
(1,745,815)	(59,138)	(6,358,971)	(12,995)
-	-	(749,250)	-
-	-	(560,833)	-
3,000	-	244,197	-
200,000	-	200,000	-
<u>(1,542,815)</u>	<u>(59,138)</u>	<u>(7,224,857)</u>	<u>(12,995)</u>
-	24,236	761,199	159,021
(763,426)	380,282	(2,788,250)	1,141,933
763,426	601,006	16,936,007	2,801,281
<u>\$ -</u>	<u>\$ 981,288</u>	<u>\$ 14,147,757</u>	<u>\$ 3,943,214</u>

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	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)	\$ (554,644)	\$ 54,147	\$ 271,570	\$ 567,448
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	1,112,445	774,159	350,267	395,897
Change in assets and liabilities				
(Increase) decrease in receivables	(175,854)	(104,728)	(44,602)	45,442
(Increase) decrease in inventories and prepaid items	-	(24,818)	-	-
Increase (decrease) in accounts payable	636,918	2,190	(45,773)	(255,416)
Increase (decrease) in accrued liabilities	12,544	692	506	5,253
Total Adjustments	1,586,053	647,495	260,398	191,176
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,031,409	\$ 701,642	\$ 531,968	\$ 758,624
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets from other funds and outside sources	\$ 788,237	\$ 910,049	\$ 423,700	\$ -
Contributions of capital assets to Governmental Activities	\$ 193,918	\$ -	\$ 433,424	\$ -

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Governmental</u>
<u>America's</u> <u>River</u> <u>Project</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>	<u>Activities-</u> <u>Internal</u> <u>Service Funds</u>
<u>\$ (431,568)</u>	<u>\$ (2,259,741)</u>	<u>\$ (2,352,788)</u>	<u>\$ 1,204,870</u>
-	540,132	3,172,900	6,147
32,142	(24,984)	(272,584)	(367)
-	10,791	(14,027)	(18,600)
-	2,220	340,139	155,022
-	(47,345)	(28,350)	12,708
<u>32,142</u>	<u>480,814</u>	<u>3,198,078</u>	<u>154,910</u>
<u>\$ (399,426)</u>	<u>\$ (1,778,927)</u>	<u>\$ 845,290</u>	<u>\$ 1,359,780</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,121,986</u>	<u>\$ -</u>
<u>\$ 2,086,284</u>	<u>\$ -</u>	<u>\$ 2,713,626</u>	<u>\$ -</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2007

EXHIBIT 8

	<u>Agency Fund</u>
ASSETS	
Cash and pooled cash investments	\$ 782,780
Accrued interest	<u>4,368</u>
 Total Assets	 <u>\$ 787,148</u>
LIABILITIES	
Accounts payable	\$ 21,317
Due to other agency	<u>765,831</u>
 Total Liabilities	 <u>\$ 787,148</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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. Postemployment Health Care Benefits
10. Employee Retirement Systems
11. Conduit Debt
12. Landfill Closure and Postclosure Care
13. Leases Where City is Lessor
14. Subsequent Events
15. New Governmental Accounting Standards Board (GASB) Standards

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, 2007

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, 2007

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, 2007

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, 2007

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, 2007

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, 2007

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, 2007, disbursements did not exceed the amounts budgeted in any function.

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit net asset amounts as of June 30, 2007:

Enterprise	
America's River Project	\$ 137,614
Internal Service	
General Service	\$ 61,930

The America's River Project deficit is a result of expenses incurred that are eligible for reimbursement as projects completed. The General Service deficit is a result of understanding the annual fiscal year 2007 reallocation of expenses for work provided by Public Works for the Water Department. An adjustment was made in fiscal year 2008.

NOTE 3 – CASH ON HAND, DEPOSITS, AND INVESTMENTS

Cash on Hand. Cash on hand represents authorized change funds and petty cash funds used for current operating purposes. The carrying amount at year-end was \$8,500 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 \$31,320,906, and the bank balance was \$33,473,446. The City's deposits in banks at June 30, 2007, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was \$9,704,099, and the bank balance was \$9,900,050. The Agency's deposits in banks at June 30, 2007, 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, 2007

Investments. As of June 30, 2007, 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	\$ 652,267	\$ -	\$ -	\$ -	\$ 652,267
U.S. Treasury Securities	299,649	195,453	-	-	495,102
Municipal Bonds	283,857	-	-	280,704	564,561
Federal Agency Obligations	3,027,201	8,243,276	2,406,618	7,817,508	21,494,603
Corporate Stock	94,906	-	-	-	94,906
	<u>\$ 4,357,880</u>	<u>\$ 8,438,729</u>	<u>\$ 2,406,618</u>	<u>\$ 8,098,212</u>	<u>\$ 23,301,439</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, 2007

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, 2007.

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	\$ 8,500
Carrying amount of deposits	31,320,906
Carrying amount of investments	<u>23,301,439</u>
Total	<u>\$ 54,630,845</u>
Government-wide	
Cash and pooled cash investments	\$ 52,875,531
Cash and pooled cash investments – temporarily restricted	950,143
Cash and pooled cash investments – permanently restricted	22,391
Fiduciary	
Cash and pooled cash investments	<u>782,780</u>
Total	<u>\$ 54,630,845</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>9,704,099</u>
Total	<u>\$ 9,704,549</u>
Cash and pooled cash investments	\$ 6,140,784
Cash and pooled cash investments – temporarily restricted	<u>3,563,765</u>
Total	<u>\$ 9,704,549</u>

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2007, 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 America's River Project Fund (\$500,722) and the internal service funds (\$15,722), for deficit pooled cash balances. Advances to/from other fund balance of \$297,587 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, 2007

Interfund transfers for the year ended June 30, 2007, consisted of the following:

	Transfer from						
	General	Employee Benefits	Community Development	Street Construction	Nonmajor Governmental Funds	Sewage Disposal Works	Water Utility
Transfer to							
General	\$ -	\$ 1,942,072	\$ 6,447	\$ 100,659	\$ 2,610,321	\$ 6,640	\$ -
Community development	128,582	-	-	-	493	225,023	-
Street construction	270,190	-	-	63,173	1,054,765	542,935	548,428
Nonmajor governmental	803,868	-	-	-	681,239	-	-
Sewage disposal works	-	-	-	98,475	571,465	-	-
Water utility	-	-	-	115,583	80,985	-	-
Stormwater utility	313,373	-	-	36,606	515,339	-	-
Parking facilities	-	-	-	-	7,482	-	-
America's River Project	762,813	-	-	7,548	691,686	-	-
Nonmajor enterprise	926,384	-	-	-	-	-	-
Internal service	-	-	-	-	-	-	-
	<u>\$ 3,205,210</u>	<u>\$ 1,942,072</u>	<u>\$ 6,447</u>	<u>\$ 422,044</u>	<u>\$ 6,213,775</u>	<u>\$ 774,598</u>	<u>\$ 548,428</u>

	Transfer from					
	Stormwater Utility	Parking Facilities	America's River Project	Nonmajor Enterprise Funds	Internal Service Funds	Total
Transfer to						
General	\$ 11,674	\$ 30,000	\$ -	\$ -	\$ 254,275	\$ 4,962,088
Community development	-	-	-	-	9,240	363,338
Street construction	213,293	-	8,576	-	-	2,701,360
Nonmajor governmental	26,187	-	827,143	-	29,503	2,367,940
Sewage disposal works	46,045	-	-	-	17,962	733,947
Water utility	-	-	-	-	18,120	214,688
Stormwater utility	-	-	-	-	-	865,318
Parking facilities	-	-	-	-	6,040	13,522
America's River Project	-	51,765	-	-	-	1,513,812
Nonmajor enterprise	-	-	-	-	21,065	947,449
Internal service	-	-	-	-	20,490	20,490
	<u>\$ 297,199</u>	<u>\$ 81,765</u>	<u>\$ 835,719</u>	<u>\$ -</u>	<u>\$ 376,695</u>	<u>14,703,952</u>

Transfer to governmental activities capital assets from enterprise funds 2,713,626

\$ 17,417,578

CITY OF DUBUQUE, IOWA
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In the fund financial statements, total transfers out of \$17,417,578 are greater than total transfers in of \$14,703,952 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 and street projects with a book value of \$2,713,626 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, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) fund capital projects.

During the year ended June 30, 2007, 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, 2007, 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	\$ 53,123,477	\$ 577,984	\$ -	\$ 1,177,654	\$ (2,966,367)	\$ 51,912,748
Construction in progress	16,088,502	-	(970,232)	14,462,493	(13,512,807)	16,067,956
Total capital assets, not being depreciated	<u>69,211,979</u>	<u>577,984</u>	<u>(970,232)</u>	<u>15,640,147</u>	<u>(16,479,174)</u>	<u>67,980,704</u>
Capital assets, being depreciated:						
Buildings	83,296,610	450,581	-	17,916,350	-	101,663,541
Improvements other than buildings	13,683,762	1,057,718	-	287,474	-	15,028,954
Machinery and equipment	23,547,518	627,343	-	2,365,841	(904,057)	25,636,645
Infrastructure	173,355,062	-	-	6,209,318	(790,297)	178,774,083
Total capital assets, being depreciated	<u>293,882,952</u>	<u>2,135,642</u>	<u>-</u>	<u>26,778,983</u>	<u>(1,694,354)</u>	<u>321,103,223</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	\$ (18,804,104)	\$ -	\$ -	\$ (1,657,436)	\$ 11,747	\$ (20,449,793)
Improvements other than buildings	(4,043,281)	-	-	(508,139)	-	(4,551,420)
Machinery and equipment	(10,074,345)	-	-	(1,594,491)	796,802	(10,872,034)
Infrastructure	(40,217,869)	-	-	(3,101,026)	660,836	(42,658,059)
Total accumulated depreciation	(73,139,599)	-	-	(6,861,092)	1,469,385	(78,531,306)
Total capital assets, being depreciated, net	220,743,353	2,135,642	-	19,917,891	(224,969)	242,571,917
Governmental activities capital assets, net	\$ 289,955,332	\$ 2,713,626	\$ (970,232)	\$ 35,558,038	\$ (16,704,143)	\$ 310,552,621

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	\$ 3,364,857	\$ -	\$ -	\$ -	\$ -	\$ 3,364,857
Construction in progress	3,811,234	970,232	(2,713,626)	9,012,524	(5,781,510)	5,298,854
Total capital assets, not being depreciated	7,176,091	970,232	(2,713,626)	9,012,524	(5,781,510)	8,663,711
Capital assets, being depreciated:						
Buildings	59,884,954	-	-	1,079,666	-	60,964,620
Improvements other than buildings	53,679,236	-	-	2,047,871	-	55,727,107
Machinery and equipment	46,213,780	-	-	1,771,862	(207,358)	47,778,284
Total capital assets, being depreciated	159,777,970	-	-	4,899,399	(207,358)	164,470,011
Less accumulated depreciation for:						
Buildings	(36,001,803)	-	-	(915,997)	-	(36,917,800)
Improvements other than buildings	(14,930,573)	-	-	(976,033)	-	(15,906,606)
Machinery and equipment	(18,733,432)	-	-	(1,280,870)	89,960	(19,924,342)
Total accumulated depreciation	(69,665,808)	-	-	(3,172,900)	89,960	(72,748,748)
Total capital assets, being depreciated, net	90,112,162	-	-	1,726,499	(117,398)	91,721,263
Business-type activities capital assets, net	\$ 97,288,253	\$ 970,232	\$ (2,713,626)	\$ 10,739,023	\$ (5,898,908)	\$ 100,384,974

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

Governmental activities:	
Public safety	\$ 736,569
Public works	4,235,041
Health and social services	7,258
Culture and recreation	1,709,293
Community and economic development	33,068
General government	133,716
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	<u>6,147</u>
Total depreciation expense – governmental activities	<u>\$ 6,861,092</u>

Business-type activities:	
Sewage disposal works	\$ 1,112,445
Water utility	774,159
Stormwater utility	350,267
Parking facilities	395,897
Refuse collection	144,997
Transit system	<u>395,135</u>
Total depreciation expense – business-type activities	<u>\$ 3,172,900</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	\$ 1,586,092	\$ -	\$ -	\$ 1,586,092
Capital assets, being depreciated:				
Buildings	65,922	-	-	65,922
Improvements other than buildings	7,468,652	-	-	7,468,652
Machinery and equipment	<u>2,504,155</u>	<u>61,000</u>	<u>(363,837)</u>	<u>2,201,318</u>
Total capital assets, being depreciated	<u>10,038,729</u>	<u>61,000</u>	<u>(363,837)</u>	<u>9,735,892</u>
Less accumulated depreciation for:				
Buildings	(44,409)	(659)	-	(45,068)
Improvements other than buildings	(4,735,388)	(399,102)	-	(5,134,490)
Machinery and equipment	<u>(1,499,762)</u>	<u>(218,465)</u>	<u>363,837</u>	<u>(1,354,390)</u>
Total accumulated depreciation	<u>(6,279,559)</u>	<u>(618,226)</u>	<u>363,837</u>	<u>(6,533,948)</u>
Total capital assets, being depreciated, net	<u>3,759,170</u>	<u>(557,226)</u>	<u>-</u>	<u>3,201,944</u>
Dubuque Metropolitan Area Solid Waste Agency capital assets, net				
	<u>\$ 5,345,262</u>	<u>\$ (557,226)</u>	<u>\$ -</u>	<u>\$ 4,788,036</u>

Depreciation expense of \$618,226 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

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CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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 \$43,940,000.

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, 2007, are as follows:

In a prior year, the City defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2007, \$3,345,000 of bonds outstanding are considered defeased. These bonds will remain outstanding until they are called on June 1, 2009.

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate purpose	06/01/00	06/01/02-06/01/09	5.80%	\$ 2,750,000	\$ 245,000
Corporate purpose	11/01/00	06/01/02-06/01/17	5.13	6,265,000	3,435,000
Corporate purpose	12/27/01	06/01/05-06/01/21	4.00-4.90	9,500,000	8,240,000
Corporate purpose	01/09/02	06/01/04-06/01/21	4.00-4.95	2,860,000	2,335,000
Corporate purpose	03/26/02	06/01/03-06/01/21	4.00-5.00	1,000,000	825,000
Corporate purpose and refunding	12/03/02	06/01/03-06/01/17	3.25-4.30	3,105,000	1,750,000
Corporate purpose	10/15/03	06/01/04-06/01/23	3.20-4.75	2,110,000	1,765,000
Corporate purpose	04/18/05	06/01/06-06/01/24	3.00-5.00	9,015,000	8,280,000
Corporate purpose	04/03/06	06/01/07-06/01/25	3.80-4.20	2,900,000	2,810,000
Corporate purpose	04/03/06	06/01/07-06/01/21	3.55-4.20	910,000	870,000
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>\$ 34,080,000</u>

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 1,220,000	\$ 1,040,133	\$ 575,000	\$ 445,080
2009	1,305,000	988,757	600,000	422,837
2010	1,445,213	933,105	579,787	399,100
2011	1,512,340	870,566	602,660	378,650
2012	1,564,468	803,739	625,532	356,734
2013-2017	8,774,894	2,887,827	3,500,106	1,405,719
2018-2022	7,168,085	816,712	3,561,915	633,671
2023-2025	-	-	1,045,000	78,885
Total	<u>\$ 22,990,000</u>	<u>\$ 8,340,839</u>	<u>\$ 11,090,000</u>	<u>\$ 4,120,676</u>

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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, 2007, 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	\$ 385,738
Cartegraph Systems	12/01/99	12/31/01-12/31/10	8.8	360,000	157,716
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1	3,168,538	1,931,353
Vessel Systems	12/30/03	12/30/05-06/30/15	8.0	140,000	120,024
				<u>\$ 4,568,538</u>	<u>\$ 2,594,831</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>
2008	\$ 483,426	\$ 212,553
2009	524,722	171,258
2010	569,630	126,350
2011	489,204	78,324
2012	473,894	36,854
2013-2015	53,955	7,793
Total	<u>\$ 2,594,831</u>	<u>\$ 633,132</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, 2007, 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%	\$ 2,515,000	\$ 720,000

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
2008	\$ 230,000	\$ 33,850
2009	240,000	23,155
2010	250,000	11,875
Total	\$ 720,000	\$ 68,880

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, 2007, 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	\$ 363,590
Lower Main Development	06/30/04	12/31/06-06/30/16	8.00	182,000	168,911
Theisen Supply	11/22/06	12/31/08-06/30/18	8.25	747,384	747,384
				\$ 1,429,384	\$ 1,279,885

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2008	\$ 58,905	\$ 90,648
2009	114,608	90,496
2010	120,393	82,861
2011	126,662	74,742
2012	133,456	66,099
2013-2015	672,485	176,970
	53,376	6,962
Total	\$ 1,279,885	\$ 588,778

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2007, 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	\$ 24,165,750	\$ -	\$ (1,175,750)	\$ 22,990,000	\$ 1,220,000
Less:					
Unamortized discounts	(53,373)	-	4,358	(49,015)	-
Deferred amount on refunding	<u>(75,750)</u>	<u>-</u>	<u>5,411</u>	<u>(70,339)</u>	<u>-</u>
Total general obligation bonds	24,036,627	-	(1,165,981)	22,870,646	1,220,000
Tax increment financing bonds	3,040,304	-	(445,473)	2,594,831	483,430
Notes payable	590,439	747,384	(57,938)	1,279,885	58,703
Compensated absences	<u>2,302,657</u>	<u>2,442,166</u>	<u>(2,302,657)</u>	<u>2,442,166</u>	<u>2,442,166</u>
	<u>\$ 29,970,027</u>	<u>\$ 3,189,550</u>	<u>\$ (3,972,049)</u>	<u>\$ 29,187,528</u>	<u>\$ 4,204,299</u>
Business-type activities:					
General obligation bonds	\$ 11,619,250	\$ -	\$ (529,250)	\$ 11,090,000	\$ 575,000
Less:					
Unamortized discounts	(65,663)	(16,506)	3,717	(78,452)	-
Deferred amount on refunding	<u>(124,875)</u>	<u>-</u>	<u>8,920</u>	<u>(115,955)</u>	<u>-</u>
Total general obligation bonds	11,428,712	(16,506)	(516,613)	10,895,593	575,000
Revenue bonds	940,000	-	(220,000)	720,000	230,000
Compensated absences	<u>314,892</u>	<u>281,474</u>	<u>(314,892)</u>	<u>281,474</u>	<u>281,474</u>
	<u>\$ 12,683,604</u>	<u>\$ 264,968</u>	<u>\$ (1,051,505)</u>	<u>\$ 11,897,067</u>	<u>\$ 1,086,474</u>

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

NOTE 7 – RISK MANAGEMENT

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

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents which is included in the Internal Service Fund Type. Health benefits were self-insured up to an individual stop loss amount of \$85,000, and an aggregate stop loss of \$6,494,978 for 2007. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
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The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop loss amount of \$450,000, and an aggregate stop loss consistent with statutory limits for 2007. 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 \$714,546 in the Health Insurance Reserve Fund and \$418,380 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, 2007 and 2006, are summarized as follows:

	<u>Health Insurance Reserve Fund</u>	<u>Workers' Compensation Reserve Fund</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	657,846	356,082
Claims and changes in estimates during fiscal year 2007	4,771,063	336,207
Claim payments	<u>(4,714,363)</u>	<u>(273,909)</u>
Liabilities at June 30, 2007	<u>\$ 714,546</u>	<u>\$ 418,380</u>

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 559 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2007, were \$522,280.

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. The next \$2,650,000 in claims are covered with another pool (APEEP). Claims exceeding \$3,000,000 are reinsured. 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, 2007, 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, 2007

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, 2007.

Litigation

The City's corporation counsel reported that as of June 30, 2007, 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, 2007. The City has additional commitments for signed construction contracts of \$8,619,214 as of June 30, 2007. 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, 2007, 55 retirees were eligible for these benefits, and the cost of the benefits for the fiscal year ended June 30, 2007, totaled \$49,122.

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, 7155 Lake Drive, West Des Moines, Iowa, 50263.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Plan members are required to contribute 9.35% of earnable compensation. The City was required to contribute 27.75% of earnable compensation in 2007, 28.21% of earnable compensation in 2006, and 24.92% of earnable compensation in 2005. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2007, 2006, and 2005, were \$2,730,207, \$2,704,451, and \$2,286,369, 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, 2007, 2006, and 2005, were \$1,071,260, \$1,016,907, and \$979,669, 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, 2007, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$1,200,000.

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 \$2,636,411 reported as landfill closure and postclosure care liability at June 30, 2007, represents the cumulative amount reported to date based on the use of 99% of the estimated capacity of cells 3 and 4, the use of 90% of the estimated capacity of cells 5 and 6, and the use of 15% of the estimated capacity of cells 7 and 8. The Agency will recognize the remaining estimated cost of closure and postclosure care of \$1,062,389 as the remaining capacity is filled.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

These amounts are based on what it would cost to perform all closure and postclosure care in 2007. The Agency expects to close cells 3 and 4 in 2008, cells 5 and 6 in 2011, and cells 7 and 8 in 2014. 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, 2007, funds have been restricted for closure and postclosure costs in the amount of \$3,267,458, 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, 2007 is \$7,723,584, with \$142,423 of depreciation expense during the year ended June 30, 2007. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2007, the DRA lease generated \$9,821,800 in lease revenue.

NOTE 14 – SUBSEQUENT EVENTS

On October 1, 2007, the City authorized \$23,025,000 of Urban Renewal Tax Increment Revenue Bonds, Taxable Series 2007 for the financing of the Port of Dubuque Parking Ramp. The interest rate on the bonds is 7.50%, with a maturity date of June 1, 2037. The funds to repay the bonds will be generated via a minimum assessment agreement. A construction contract for the ramp was also approved on October 1, 2007.

On November 5, 2007, the City authorized \$1,055,000 of General Obligation Bonds, Series 2007A for the sanitary sewer projects in the area of Asbury Plaza Shopping Center. The interest rates on the bonds range from 3.40% to 3.65%, with a maturity date of June 1, 2017. The funds to repay the bonds will be generated via user fees.

On November 5, 2007, the City authorized \$2,985,000 of General Obligation Refunding Bonds, Series 2007B. The interest rate on the bonds is 3.75% with a maturity date of June 1, 2017. The bonds were issued to partially refund General Obligation Bonds 2000C due to more favorable interest rates.

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

The Governmental Accounting Standards Board (GASB) has issued seven 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, 2007

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 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.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the fiscal year ending June 30, 2009. This statement establishes standards for accounting and financial reporting for obligations to address the current or potential detrimental effects of existing pollution.

Statement No. 50, *Pension Disclosures*, issued May 2007, will be effective for the fiscal year ending June 30, 2008. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007, will be effective for the fiscal year ending June 30, 2010. This statement requires that all intangible assets not specifically excluded by its scope be classified as capital assets.

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, 2007

		Budgeted Amounts		Final to Actual
	Actual	Original	Final	Variance
RECEIPTS				
Property tax	\$ 16,419,008	\$ 16,420,969	\$ 16,420,969	\$ (1,961)
Tax increment financing	4,415,699	4,296,807	4,331,452	84,247
Other City tax	10,693,719	10,737,123	10,737,123	(43,404)
Licenses and permits	3,340,120	3,167,556	3,167,556	172,564
Use of money and property	19,478,463	16,284,827	16,326,869	3,151,594
Intergovernmental	18,653,847	20,765,305	44,131,015	(25,477,168)
Charges for fees and service	17,585,907	22,586,785	22,645,509	(5,059,602)
Special assessments	595,500	372,000	1,467,923	(872,423)
Miscellaneous	5,790,187	4,548,141	9,911,984	(4,121,797)
Total Receipts	96,972,450	99,179,513	129,140,400	(32,167,950)
EXPENDITURES				
Public safety	19,885,087	20,442,318	20,753,001	867,914
Public works	10,124,354	10,353,232	10,963,946	839,592
Health and social services	803,736	852,098	996,733	192,997
Culture and recreation	8,203,508	8,087,043	8,267,661	64,153
Community and economic development	9,079,899	8,278,372	9,397,810	317,911
General government	4,991,602	4,860,656	5,189,388	197,786
Debt service	3,075,350	3,136,728	3,136,728	61,378
Capital projects	16,485,055	20,586,924	56,413,617	39,928,562
Business-type activities	22,782,655	32,301,549	50,945,580	28,162,925
Total Expenditures	95,431,246	108,898,920	166,064,464	70,633,218
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES				
	1,541,204	(9,719,407)	(36,924,064)	38,465,268
OTHER FINANCING SOURCES, NET				
	3,540,383	5,574,350	7,163,545	(3,623,162)
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	5,081,587	(4,145,057)	(29,760,519)	34,842,106
BALANCE, BEGINNING				
	44,130,723	44,130,723	44,130,723	-
BALANCE, ENDING				
	\$ 49,212,310	\$ 39,985,666	\$ 14,370,204	\$ 34,842,106

CITY OF DUBUQUE, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2007

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, 2007, was amended two times during the year to allow the City to increase function expenditures by \$57,165,544, 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:

	Budgetary Basis	Accrual Adjustments	Modified Accrual/ Accrual Basis	Governmental Funds Modified Accrual Basis	Enterprise Funds Accrual Basis	Total
Receipts/revenues	\$ 96,972,450	\$ (190,470)	\$ 96,781,980	\$ 78,208,114	\$ 18,573,866	\$ 96,781,980
Expenditures/expenses	95,431,246	(4,619,261)	90,811,985	71,716,580	19,095,405	90,811,985
Excess (deficiency) of receipts/revenues over (under) expenditures/ expenses	1,541,204	4,428,791	5,969,995	6,491,534	(521,539)	5,969,995
Other financing sources, net	3,540,383	(220,744)	3,319,639	2,160,252	1,159,387	3,319,639
Net Balance, beginning	5,081,587 44,130,723	4,208,047 97,955,923	9,289,634 142,086,646	8,651,786 39,471,744	637,848 102,614,902	9,289,634 142,086,646
Balance, ending	\$ 49,212,310	\$ 102,163,970	\$ 151,376,280	\$ 48,123,530	\$ 103,252,750	\$ 151,376,280

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, 2007

	Road Use Tax	Section VIII Housing	Tort Liability
ASSETS			
Cash and pooled cash investments	\$ 2,100,175	\$ 1,309,945	\$ 18,457
Receivables			
Property tax			
Delinquent	-	-	3,964
Succeeding year	-	-	383,404
Accounts and other	-	-	-
Special assessments	-	-	-
Accrued interest	-	10,755	-
Notes	-	3,143	-
Intergovernmental	394,979	4,108	-
Restricted cash and pooled cash investments	-	31,400	-
Total Assets	<u>\$ 2,495,154</u>	<u>\$ 1,359,351</u>	<u>\$ 405,825</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 160,439	\$ 33,092	\$ -
Accrued payroll	44,452	12,594	-
Intergovernmental payable	-	3,218	-
Deferred revenue			
Succeeding year property tax	-	-	383,404
Other	-	-	680
Total Liabilities	<u>204,891</u>	<u>48,904</u>	<u>384,084</u>
FUND BALANCES			
Reserved for/by			
Encumbrances	324,691	412	-
Long-term notes receivable	-	2,443	-
Bond ordinance	-	-	-
Debt service	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated reported in			
Special revenue funds	1,965,572	1,307,592	21,741
Capital projects funds	-	-	-
Permanent funds	-	-	-
Total Fund Balances	<u>2,290,263</u>	<u>1,310,447</u>	<u>21,741</u>
Total Liabilities and Fund Balances	<u>\$ 2,495,154</u>	<u>\$ 1,359,351</u>	<u>\$ 405,825</u>

Special Revenue				
Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
\$ 619,183	\$ 373,967	\$ 1,028,547	\$ 146,346	\$ 3,154
-	-	-	-	-
-	-	-	-	-
-	-	8,922	-	-
470,876	-	-	-	-
12,674	26,678	5,563	2,415	-
-	-	-	-	-
-	-	-	-	-
-	247,456	1,332	-	-
<u>\$ 1,102,733</u>	<u>\$ 648,101</u>	<u>\$ 1,044,364</u>	<u>\$ 148,761</u>	<u>\$ 3,154</u>
\$ -	\$ 213,122	\$ 9,114	\$ 37,634	\$ -
-	-	9,661	-	-
-	-	-	-	-
-	-	-	-	-
411,321	-	571,957	-	-
<u>411,321</u>	<u>213,122</u>	<u>590,732</u>	<u>37,634</u>	<u>-</u>
-	-	2,827	7,405	-
-	-	-	-	-
-	247,456	-	-	-
-	-	-	-	3,154
-	-	1,332	-	-
-	-	-	-	-
691,412	187,523	449,473	103,722	-
-	-	-	-	-
-	-	-	-	-
<u>691,412</u>	<u>434,979</u>	<u>453,632</u>	<u>111,127</u>	<u>3,154</u>
<u>\$ 1,102,733</u>	<u>\$ 648,101</u>	<u>\$ 1,044,364</u>	<u>\$ 148,761</u>	<u>\$ 3,154</u>

(continued)

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Capital Projects		
	General Construction	Airport Construction	Sales Tax Construction
ASSETS			
Cash and pooled cash investments	\$ 3,567,170	\$ 202,937	\$ 2,584,487
Receivables			
Property tax			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts and other	642,932	-	-
Special assessments	-	-	-
Accrued interest	1,364	1,986	22,745
Notes	-	-	-
Intergovernmental	-	-	253,655
Restricted cash and pooled cash investments	-	-	-
Total Assets	<u>\$ 4,211,466</u>	<u>\$ 204,923</u>	<u>\$ 2,860,887</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 378,078	\$ 20,843	\$ 42,765
Accrued payroll	-	-	-
Intergovernmental payable	-	-	-
Deferred revenue			
Succeeding year property tax	-	-	-
Other	-	-	-
Total Liabilities	<u>378,078</u>	<u>20,843</u>	<u>42,765</u>
FUND BALANCES			
Reserved for/by			
Encumbrances	1,341,592	107,960	285,218
Long-term notes receivable	-	-	-
Bond ordinance	-	-	-
Debt service	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated reported in			
Special revenue funds	-	-	-
Capital projects funds	2,491,796	76,120	2,532,904
Permanent funds	-	-	-
Total Fund Balances	<u>3,833,388</u>	<u>184,080</u>	<u>2,818,122</u>
Total Liabilities and Fund Balances	<u>\$ 4,211,466</u>	<u>\$ 204,923</u>	<u>\$ 2,860,887</u>

EXHIBIT A-1
(continued)

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ -	\$ -	\$ 11,954,368
-	-	3,964
-	-	383,404
-	-	651,854
-	-	470,876
-	188	84,368
-	-	3,143
-	-	652,742
<u>117,473</u>	<u>20,555</u>	<u>418,216</u>
<u>\$ 117,473</u>	<u>\$ 20,743</u>	<u>\$ 14,622,935</u>
\$ -	\$ -	\$ 895,087
-	-	66,707
-	-	3,218
-	-	383,404
-	-	<u>983,958</u>
-	-	<u>2,332,374</u>
-	-	2,070,105
-	-	2,443
-	-	247,456
-	-	3,154
-	-	1,332
10,391	12,000	22,391
-	-	4,727,035
-	-	5,100,820
<u>107,082</u>	<u>8,743</u>	<u>115,825</u>
<u>117,473</u>	<u>20,743</u>	<u>12,290,561</u>
<u>\$ 117,473</u>	<u>\$ 20,743</u>	<u>\$ 14,622,935</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Road Use Tax	Section VIII Housing	Tort Liability
REVENUES			
Taxes	\$ -	\$ -	\$ 367,021
Special assessments	-	-	-
Intergovernmental	4,828,848	4,434,181	-
Charges for services	-	-	-
Investment earnings	-	55,817	-
Contributions	-	-	-
Miscellaneous	115,492	20,883	-
Total Revenues	<u>4,944,340</u>	<u>4,510,881</u>	<u>367,021</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Public works	4,603,452	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	4,322,006	-
General government	5,638	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total Expenditures	<u>4,609,090</u>	<u>4,322,006</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>335,250</u>	<u>188,875</u>	<u>367,021</u>
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	-	-
Transfers in	118,550	78,333	-
Transfers out	(261,926)	-	(367,481)
Sale of capital assets	-	-	-
Total Other Financing Sources (Uses)	<u>(143,376)</u>	<u>78,333</u>	<u>(367,481)</u>
NET CHANGE IN FUND BALANCES	191,874	267,208	(460)
FUND BALANCES, BEGINNING	<u>2,098,389</u>	<u>1,043,239</u>	<u>22,201</u>
FUND BALANCES, ENDING	<u>\$ 2,290,263</u>	<u>\$ 1,310,447</u>	<u>\$ 21,741</u>

Special Revenue				
Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service
\$ -	\$ 4,415,700	\$ -	\$ -	\$ 18
586,459	-	-	-	-
-	-	-	-	-
-	-	-	-	-
85,859	92,980	37,297	10,464	-
-	-	-	198,374	-
13,406	-	569,942	-	-
685,724	4,508,680	607,239	208,838	18
-	-	74,132	-	-
-	-	-	-	-
-	-	25,848	-	-
-	-	-	273,325	-
-	1,761,173	-	-	-
-	-	480,581	-	-
-	1,984,221	-	-	1,038,514
-	-	-	-	-
-	3,745,394	580,561	273,325	1,038,514
685,724	763,286	26,678	(64,487)	(1,038,496)
-	743,591	-	-	-
-	5,047	4,120	-	1,038,514
(792,022)	(1,484,111)	(51,300)	-	-
-	389,807	-	-	-
(792,022)	(345,666)	(47,180)	-	1,038,514
(106,298)	417,620	(20,502)	(64,487)	18
797,710	17,359	474,134	175,614	3,136
\$ 691,412	\$ 434,979	\$ 453,632	\$ 111,127	\$ 3,154

(continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Capital Projects		
	General Construction	Airport Construction	Sales Tax Construction
REVENUES			
Taxes	\$ -	\$ -	\$ 1,563,481
Special assessments	-	-	-
Intergovernmental	860,416	1,158,672	-
Charges for services	-	193,547	-
Investment earnings	54,958	7,975	104,061
Contributions	813,990	-	-
Miscellaneous	-	1,030	-
Total Revenues	<u>1,729,364</u>	<u>1,361,224</u>	<u>1,667,542</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>1,186,731</u>	<u>1,422,301</u>	<u>423,154</u>
Total Expenditures	<u>1,186,731</u>	<u>1,422,301</u>	<u>423,154</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>542,633</u>	<u>(61,077)</u>	<u>1,244,388</u>
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	-	-
Transfers in	138,884	186,830	797,662
Transfers out	(2,276,103)	(44,400)	(936,432)
Sale of capital assets	<u>1,891,713</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(245,506)</u>	<u>142,430</u>	<u>(138,770)</u>
NET CHANGE IN FUND BALANCES	297,127	81,353	1,105,618
FUND BALANCES, BEGINNING	<u>3,536,261</u>	<u>102,727</u>	<u>1,712,504</u>
FUND BALANCES, ENDING	<u>\$ 3,833,388</u>	<u>\$ 184,080</u>	<u>\$ 2,818,122</u>

EXHIBIT A-2
(continued)

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ -	\$ -	\$ 6,346,220
-	-	586,459
-	-	11,282,117
-	-	193,547
31,549	1,003	481,963
-	-	1,012,364
-	-	720,753
<u>31,549</u>	<u>1,003</u>	<u>20,623,423</u>
-	-	74,132
-	-	4,603,452
-	-	25,848
80	14	273,419
-	-	6,083,179
-	-	486,219
-	-	3,022,735
-	-	3,032,186
<u>80</u>	<u>14</u>	<u>17,601,170</u>
<u>31,469</u>	<u>989</u>	<u>3,022,253</u>
-	-	743,591
-	-	2,367,940
-	-	(6,213,775)
-	-	2,281,520
-	-	(820,724)
31,469	989	2,201,529
<u>86,004</u>	<u>19,754</u>	<u>10,089,032</u>
<u>\$ 117,473</u>	<u>\$ 20,743</u>	<u>\$ 12,290,561</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, 2007

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	\$ 553,982	\$ 427,306	\$ 981,288
Receivables			
Accounts	274,911	564	275,475
Accrued interest	5,867	-	5,867
Intergovernmental	-	36,872	36,872
Inventories	-	9,296	9,296
Total Current Assets	<u>834,760</u>	<u>474,038</u>	<u>1,308,798</u>
NONCURRENT ASSETS			
Capital assets			
Land	-	36,000	36,000
Buildings	-	1,887,564	1,887,564
Machinery and equipment	1,676,782	3,696,535	5,373,317
Accumulated depreciation	<u>(1,401,598)</u>	<u>(3,083,577)</u>	<u>(4,485,175)</u>
Net Capital Assets	<u>275,184</u>	<u>2,536,522</u>	<u>2,811,706</u>
 Total Assets	 <u>1,109,944</u>	 <u>3,010,560</u>	 <u>4,120,504</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	25,706	11,978	37,684
Accrued payroll	38,292	40,330	78,622
Accrued compensated absences	<u>27,567</u>	<u>21,636</u>	<u>49,203</u>
Total Liabilities	<u>91,565</u>	<u>73,944</u>	<u>165,509</u>
NET ASSETS			
Invested in capital assets, net of related debt	275,184	2,536,522	2,811,706
Unrestricted	<u>743,195</u>	<u>400,094</u>	<u>1,143,289</u>
Total Net Assets	<u>\$ 1,018,379</u>	<u>\$ 2,936,616</u>	<u>\$ 3,954,995</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, 2007

EXHIBIT B-2

	Refuse Collection	Transit System	Total Other Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	\$ 2,641,966	\$ 234,148	\$ 2,876,114
Other	285	2,940	3,225
Total Operating Revenues	<u>2,642,251</u>	<u>237,088</u>	<u>2,879,339</u>
OPERATING EXPENSES			
Employee expense	1,506,872	1,264,660	2,771,532
Utilities	13,812	63,628	77,440
Repairs and maintenance	248,136	430,782	678,918
Supplies and services	557,589	440,056	997,645
Insurance	24,612	48,801	73,413
Depreciation	144,997	395,135	540,132
Total Operating Expenses	<u>2,496,018</u>	<u>2,643,062</u>	<u>5,139,080</u>
OPERATING INCOME (LOSS)	<u>146,233</u>	<u>(2,405,974)</u>	<u>(2,259,741)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	8,151	1,234,116	1,242,267
Investment earnings	28,073	-	28,073
Loss on disposal of assets	-	(117,397)	(117,397)
Net Nonoperating Revenues	<u>36,224</u>	<u>1,116,719</u>	<u>1,152,943</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>182,457</u>	<u>(1,289,255)</u>	<u>(1,106,798)</u>
TRANSFERS IN	<u>15,780</u>	<u>931,669</u>	<u>947,449</u>
CHANGE IN NET ASSETS	<u>198,237</u>	<u>(357,586)</u>	<u>(159,349)</u>
NET ASSETS, BEGINNING	<u>820,142</u>	<u>3,294,202</u>	<u>4,114,344</u>
NET ASSETS, ENDING	<u>\$ 1,018,379</u>	<u>\$ 2,936,616</u>	<u>\$ 3,954,995</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

EXHIBIT B-3

	<u>Refuse Collection</u>	<u>Transit System</u>	<u>Total Other Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,603,166	\$ 247,964	\$ 2,851,130
Cash payments to suppliers for goods and services	(842,036)	(972,369)	(1,814,405)
Cash payments to employees for services	(1,548,679)	(1,270,198)	(2,818,877)
Other operating receipts	<u>285</u>	<u>2,940</u>	<u>3,225</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>212,736</u>	<u>(1,991,663)</u>	<u>(1,778,927)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	15,780	931,669	947,449
Intergovernmental grant proceeds	<u>8,151</u>	<u>1,238,511</u>	<u>1,246,662</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>23,931</u>	<u>2,170,180</u>	<u>2,194,111</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>(59,138)</u>	<u>-</u>	<u>(59,138)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>24,236</u>	<u>-</u>	<u>24,236</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	201,765	178,517	380,282
CASH AND CASH EQUIVALENTS, BEGINNING	<u>352,217</u>	<u>248,789</u>	<u>601,006</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 553,982</u>	<u>\$ 427,306</u>	<u>\$ 981,288</u>

(continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

EXHIBIT B-3
(continued)

	Business-type Activities - Enterprise Funds		
	Refuse Collection	Transit System	Total Other Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 146,233	\$ (2,405,974)	\$ (2,259,741)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	144,997	395,135	540,132
Change in assets and liabilities			
(Increase) decrease in receivables	(38,800)	13,816	(24,984)
Decrease in inventories	-	10,791	10,791
Increase in accounts payable	2,113	107	2,220
Decrease in accrued liabilities	(41,807)	(5,538)	(47,345)
Total Adjustments	66,503	414,311	480,814
NET CASH PROVIDED (USED) BY OPERATING			

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 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 health costs.

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

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2007

	General Service	Garage Service	Stores/ Printing
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ -	\$ 91,034	\$ 14,136
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	53,042	1,707
Total Current Assets	-	144,076	15,843
NONCURRENT ASSETS			
Capital assets			
Machinery and equipment	-	106,628	-
Accumulated depreciation	-	(63,865)	-
Net Capital Assets	-	42,763	-
Total Assets	-	186,839	15,843
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	40,851	324
Accrued payroll	46,208	21,454	-
Due to other funds	15,722	-	-
Total Liabilities	61,930	62,305	324
NET ASSETS			
Invested in capital assets, net of related debt	-	42,763	-
Unrestricted	(61,930)	81,771	15,519
Total Net Assets	\$ (61,930)	\$ 124,534	\$ 15,519

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 3,097,768	\$ 740,276	\$ 3,943,214
6,774	-	6,774
27,074	7,410	34,484
-	-	54,749
<u>3,131,616</u>	<u>747,686</u>	<u>4,039,221</u>
-	-	106,628
-	-	(63,865)
-	-	42,763
<u>3,131,616</u>	<u>747,686</u>	<u>4,081,984</u>
714,546	418,380	1,174,101
-	-	67,662
-	-	15,722
<u>714,546</u>	<u>418,380</u>	<u>1,257,485</u>
-	-	42,763
<u>2,417,070</u>	<u>329,306</u>	<u>2,781,736</u>
<u>\$ 2,417,070</u>	<u>\$ 329,306</u>	<u>\$ 2,824,499</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS (DEFICIT)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Service	Garage Service	Stores/ Printing
OPERATING REVENUES			
Charges for sales and services	\$ 1,308,138	\$ 1,680,352	\$ 32,212
Other	-	-	-
Total Operating Revenues	<u>1,308,138</u>	<u>1,680,352</u>	<u>32,212</u>
OPERATING EXPENSES			
Employee expense	1,438,193	774,945	-
Utilities	-	22,506	-
Repairs and maintenance	-	13,031	-
Supplies and services	1,510	755,011	32,919
Insurance	10,004	12,215	-
Depreciation	-	6,147	-
Total Operating Expenses	<u>1,449,707</u>	<u>1,583,855</u>	<u>32,919</u>
OPERATING INCOME (LOSS)	(141,569)	96,497	(707)
NONOPERATING REVENUES			
Investment earnings	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(141,569)	96,497	(707)
TRANSFERS IN	11,430	9,060	-
TRANSFERS OUT	-	-	-
CHANGE IN NET ASSETS	(130,139)	105,557	(707)
NET ASSETS, BEGINNING	<u>68,209</u>	<u>18,977</u>	<u>16,226</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ (61,930)</u>	<u>\$ 124,534</u>	<u>\$ 15,519</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 6,199,827	\$ 494,542	\$ 9,715,071
324,684	-	324,684
<u>6,524,511</u>	<u>494,542</u>	<u>10,039,755</u>
-	-	2,213,138
-	-	22,506
-	-	13,031
4,920,390	360,796	6,070,626
463,889	23,329	509,437
-	-	6,147
<u>5,384,279</u>	<u>384,125</u>	<u>8,834,885</u>
1,140,232	110,417	1,204,870
<u>139,167</u>	<u>38,334</u>	<u>177,501</u>
1,279,399	148,751	1,382,371
-	-	20,490
<u>(376,695)</u>	<u>-</u>	<u>(376,695)</u>
902,704	148,751	1,026,166
<u>1,514,366</u>	<u>180,555</u>	<u>1,798,333</u>
<u>\$ 2,417,070</u>	<u>\$ 329,306</u>	<u>\$ 2,824,499</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,308,138	\$ 1,680,352	\$ 32,212
Cash payments to suppliers for goods and services	(11,514)	(786,820)	(31,438)
Cash payments to employees for services	(1,425,257)	(775,173)	-
Other operating receipts	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(128,633)	118,359	774
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	11,430	9,060	-
Transfers to other funds	-	-	-
Proceeds from interfund balances	15,722	-	-
Payment of interfund balances	-	(23,390)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	27,152	(14,330)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(12,995)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(101,481)	91,034	774
CASH AND CASH EQUIVALENTS, BEGINNING	101,481	-	13,362
CASH AND CASH EQUIVALENTS, ENDING	\$ -	\$ 91,034	\$ 14,136
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (141,569)	\$ 96,497	\$ (707)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	6,147	-
Change in assets and liabilities			
Increase in receivables	-	-	-
(Increase) decrease in inventories	-	(20,058)	1,458
Increase in accounts payable	-	36,001	23
Increase (decrease) in accrued liabilities	12,936	(228)	-
Total Adjustments	12,936	21,862	1,481
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (128,633)	\$ 118,359	\$ 774

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 6,199,460	\$ 494,542	\$ 9,714,704
(5,327,579)	(321,827)	(6,479,178)
-	-	(2,200,430)
324,684	-	324,684
1,196,565	172,715	1,359,780
-	-	20,490
(376,695)	-	(376,695)
-	-	15,722
-	-	(23,390)
(376,695)	-	(363,873)
-	-	(12,995)
124,289	34,732	159,021
944,159	207,447	1,141,933
2,153,609	532,829	2,801,281
\$ 3,097,768	\$ 740,276	\$ 3,943,214
\$ 1,140,232	\$ 110,417	\$ 1,204,870
-	-	6,147
(367)	-	(367)
-	-	(18,600)
56,700	62,298	155,022
-	-	12,708
56,333	62,298	154,910
\$ 1,196,565	\$ 172,715	\$ 1,359,780

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, 2007

EXHIBIT D-1

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
CABLE EQUIPMENT FUND				
ASSETS				
Cash and pooled cash investments	\$ 199,628	\$ 230,066	\$ 143,973	\$ 285,721
Accrued interest	-	8,069	8,069	-
Total Assets	<u>\$ 199,628</u>	<u>\$ 238,135</u>	<u>\$ 152,042</u>	<u>\$ 285,721</u>
LIABILITIES				
Accounts payable	\$ 4,420	\$ 21,317	\$ 4,420	\$ 21,317
Due to other agency	195,208	216,818	147,622	264,404
Total Liabilities	<u>\$ 199,628</u>	<u>\$ 238,135</u>	<u>\$ 152,042</u>	<u>\$ 285,721</u>
DOG TRACK DEPRECIATION FUND				
ASSETS				
Cash and pooled cash investments	\$ 815,411	\$ 151,648	\$ 470,000	\$ 497,059
Accrued interest	4,949	31,067	31,648	4,368
Total Assets	<u>\$ 820,360</u>	<u>\$ 182,715</u>	<u>\$ 501,648</u>	<u>\$ 501,427</u>
LIABILITIES				
Due to other agency	<u>\$ 820,360</u>	<u>\$ 182,715</u>	<u>\$ 501,648</u>	<u>\$ 501,427</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and pooled cash investments	\$ 1,015,039	\$ 381,714	\$ 613,973	\$ 782,780
Accrued interest	4,949	39,136	39,717	4,368
Total Assets	<u>\$ 1,019,988</u>	<u>\$ 420,850</u>	<u>\$ 653,690</u>	<u>\$ 787,148</u>
LIABILITIES				
Accounts payable	\$ 4,420	\$ 21,317	\$ 4,420	\$ 21,317
Due to other agency	1,015,568	399,533	649,270	765,831
Total Liabilities	<u>\$ 1,019,988</u>	<u>\$ 420,850</u>	<u>\$ 653,690</u>	<u>\$ 787,148</u>

**STATISTICAL SECTION
(UNAUDITED)**

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 FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Table 1

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 212,767,403	\$ 231,863,231	\$ 249,881,646	\$ 267,762,059	\$ 288,978,975
Restricted	29,306,124	31,931,803	24,180,874	21,693,357	23,900,328
Unrestricted	<u>11,528,644</u>	<u>11,322,661</u>	<u>11,236,870</u>	<u>15,132,486</u>	<u>21,921,571</u>
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>	<u>\$ 334,800,874</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 98,706,116	\$ 92,301,043	\$ 93,036,089	\$ 88,802,536	\$ 91,483,532
Restricted	553,677	554,005	554,205	554,294	554,318
Unrestricted	<u>6,308,801</u>	<u>10,502,939</u>	<u>12,854,730</u>	<u>13,258,072</u>	<u>11,214,900</u>
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>	<u>\$ 103,252,750</u>
Primary government					
Invested in capital assets, net of related debt	\$ 311,473,519	\$ 324,164,274	\$ 342,917,735	\$ 356,564,595	\$ 380,462,507
Restricted	29,859,801	32,485,808	24,735,079	22,247,651	24,454,646
Unrestricted	<u>17,837,445</u>	<u>21,825,600</u>	<u>24,091,600</u>	<u>28,390,558</u>	<u>33,136,471</u>
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>	<u>\$ 438,053,624</u>

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

Table 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
Public safety	\$ 15,817,052	\$ 16,605,481	\$ 18,636,877	\$ 18,892,980	\$ 20,326,724
Public works	14,453,558	12,847,410	17,088,983	16,390,322	16,506,560
Health and social services	815,524	1,290,619	654,469	678,748	759,367
Culture and recreation	7,367,147	7,849,114	8,474,183	9,627,505	9,837,299
Community and economic development	9,431,702	12,662,552	9,680,046	8,541,167	11,965,805
General government	4,211,922	3,773,136	4,048,475	3,868,687	4,940,154
Interest on long-term debt	1,605,326	1,248,498	1,298,367	1,460,730	1,400,748
Total governmental activities expenses	<u>53,702,231</u>	<u>56,276,810</u>	<u>59,881,400</u>	<u>59,460,139</u>	<u>65,736,657</u>
Business-type activities:					
Sewage disposal works	4,655,696	5,282,016	4,656,172	5,298,353	5,814,076
Water utility	4,145,983	4,368,738	4,232,489	4,700,483	4,780,063
Stormwater utility	-	1,184,968	1,114,811	1,153,628	1,198,675
Parking facilities	1,445,434	1,655,429	1,604,071	1,629,427	1,611,447
America's River Project	414,830	1,064,701	515,570	82,617	434,667
Refuse collection	2,140,807	2,238,254	2,202,800	2,463,795	2,496,018
Transit system	2,055,248	2,257,078	2,326,908	2,555,080	2,760,459
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>	<u>19,095,405</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>	<u>\$ 84,832,062</u>
Program Revenues					
Governmental activities:					
Charges for services					
Public safety	\$ 1,586,255	\$ 1,785,787	\$ 1,900,938	\$ 1,809,481	\$ 1,857,324
Public works	3,367,720	3,392,650	3,371,073	3,370,291	4,839,781
Culture and recreation	2,145,435	2,282,983	2,143,246	2,218,315	2,251,562
Other activities	764,732	873,457	945,712	895,920	1,074,550
Operating grants and contributions	13,677,503	12,197,307	14,603,106	12,902,410	11,641,904
Capital grants and contributions	3,447,052	5,153,258	6,919,296	6,881,573	23,741,282
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>	<u>45,406,403</u>
Business-type activities:					
Charges for services					
Sewage disposal works	4,300,156	4,719,491	4,552,587	5,077,491	5,259,432
Water utility	3,975,598	4,307,238	4,224,074	4,669,340	4,743,896
Stormwater utility	-	754,101	684,570	928,850	1,227,243
Parking facilities	1,427,146	1,643,490	1,889,937	1,886,642	1,977,757
America's River Project	147,695	881,089	26,061	51,373	3,099
Refuse collection	1,981,105	2,157,285	2,283,677	2,397,525	2,642,251
Transit system	201,367	319,216	389,106	341,743	237,088
Operating grants and contributions	880,822	825,538	651,967	920,762	1,167,344
Capital grants and contributions	11,938,797	11,007,676	3,030,378	2,769,657	1,670,874
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>	<u>18,928,984</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>	<u>\$ 64,335,387</u>

(continued)

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

Table 2
(continued)

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (Expense)/Revenue					
Governmental activities	\$ (28,713,534)	\$ (30,591,368)	\$ (29,998,029)	\$ (31,382,149)	\$ (20,330,254)
Business-type activities	9,994,688	8,563,940	1,079,536	1,160,000	(166,421)
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>	<u>\$ (20,496,675)</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	\$ 21,656,908
Local option sales tax	6,492,203	7,105,183	6,963,124	7,336,124	7,817,403
Hotel/motel tax	970,232	1,314,114	1,383,660	1,862,439	1,569,743
Utility franchise fees	-	862,275	1,310,064	1,521,201	1,492,920
Gaming	9,539,598	11,631,022	11,694,105	14,034,847	15,556,551
Unrestricted investment earnings	1,749,301	497,361	1,190,337	1,081,141	1,870,403
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	586,931
Transfers	<u>(7,720,462)</u>	<u>10,956,246</u>	<u>(1,684,581)</u>	<u>5,033,974</u>	<u>(7,633)</u>
Total governmental activities	<u>30,150,503</u>	<u>51,768,480</u>	<u>41,355,632</u>	<u>51,236,575</u>	<u>50,543,226</u>
Business-type activities:					
General Revenues					
Property taxes	506,054	-	-	-	-
Unrestricted investment earnings	321,447	181,674	322,884	339,599	796,636
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>	<u>7,633</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>	<u>804,269</u>
Total primary government	<u>\$ 38,530,465</u>	<u>\$ 40,993,933</u>	<u>\$ 43,363,133</u>	<u>\$ 46,542,903</u>	<u>\$ 51,347,495</u>
Change in Net Assets					
Governmental activities	\$ 1,436,969	\$ 21,177,112	\$ 11,357,603	\$ 19,854,426	\$ 30,212,972
Business-type activities	<u>18,374,650</u>	<u>(2,210,607)</u>	<u>3,087,037</u>	<u>(3,533,672)</u>	<u>637,848</u>
Total primary government	<u>\$ 19,811,619</u>	<u>\$ 18,966,505</u>	<u>\$ 14,444,640</u>	<u>\$ 16,320,754</u>	<u>\$ 30,850,820</u>

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

Table 3

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 4,573,723	\$ 3,233,335	\$ 3,169,453	\$ 1,477,141	\$ 4,455,303
Unreserved	12,218,787	13,685,063	13,706,134	16,050,997	17,827,631
Total general fund	<u>\$16,792,510</u>	<u>\$16,918,398</u>	<u>\$16,875,587</u>	<u>\$17,528,138</u>	<u>\$22,282,934</u>
All Other Governmental Funds					
Reserved	\$14,525,251	\$14,231,390	\$13,607,759	\$15,564,016	\$13,942,519
Unreserved, reported in:					
Special revenue funds	11,886,631	9,720,412	5,777,233	7,277,471	7,586,898
Debt service fund	-	(68,569)	(56,320)	-	-
Capital projects funds	5,846,016	7,353,593	11,191,461	(981,248)	4,195,354
Permanent funds	70,091	71,373	73,628	83,367	115,825
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>	<u>\$25,840,596</u>

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

Table 4

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Taxes	\$ 25,508,936	\$ 27,861,273	\$ 29,430,135	\$ 30,043,167	\$ 32,526,525
Special assessments	561,406	717,305	197,195	322,214	586,459
Licenses and permits	753,990	1,063,081	1,078,722	965,712	1,052,896
Intergovernmental	17,249,290	17,057,994	18,370,358	15,021,722	16,744,703
Charges for services	5,325,031	5,666,307	5,918,542	6,620,243	7,351,191
Fines and forfeits	465,787	241,572	267,536	204,201	158,360
Investment earnings	1,750,519	502,932	1,197,691	1,096,445	1,913,420
Contributions	447,960	345,415	306,809	246,908	1,168,463
Gaming	9,539,598	11,631,022	11,694,105	14,034,847	15,556,551
Miscellaneous	1,312,348	1,139,057	1,573,305	1,106,991	1,149,546
Total revenues	62,914,865	66,225,958	70,034,398	69,662,450	78,208,114
Expenditures					
Current:					
Public safety	15,278,654	16,764,510	18,652,246	19,535,369	20,743,196
Public works	11,860,004	10,723,527	21,301,239	11,605,567	12,506,378
Health and social services	749,435	721,906	662,231	715,598	783,209
Culture and recreation	7,515,522	7,470,264	8,180,832	9,998,462	10,244,244
Community and economic development	9,010,868	11,924,011	9,825,470	9,981,645	11,695,902
General government	3,835,609	4,227,335	4,022,785	4,090,866	4,441,043
Debt service					
Principal	2,009,986	2,117,773	1,769,960	1,325,970	1,663,339
Interest	1,668,019	1,304,802	1,240,427	1,493,504	1,412,012
Capital projects	9,930,311	6,865,119	8,226,840	14,528,340	8,227,257
Total expenditures	61,858,408	62,119,247	73,882,030	73,275,321	71,716,580
Excess (deficiency) of revenues over (under) expenditures	1,056,457	4,106,711	(3,847,632)	(3,612,871)	6,491,534
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	13,682	743,591
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	10,394,726
Transfers out	(21,073,805)	(15,060,669)	(16,105,184)	(11,904,890)	(11,789,548)
Sale of capital assets	117,239	264,344	170,642	150,491	2,811,483
Total other financing sources (uses)	(15,588,580)	(5,339,025)	4,266,291	(4,384,733)	2,160,252
Net change in fund balances	\$ (14,532,123)	\$ (1,232,314)	\$ 418,659	\$ (7,997,604)	\$ 8,651,786
Debt service as a percentage of noncapital expenditures	7.37%	6.32%	5.46%	4.99%	5.01%

CITY OF DUBUQUE, IOWA
TAXABLE AND ASSESSED VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

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		
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
2005	2007	1,780,354	2,804,568	9,122	1,771,232	2,804,568	63.16	9.98030

CITY OF DUBUQUE, IOWA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(TAX RATES PER \$1,000 ASSESSED 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
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
2005	2007	9.98033	15.92538	0.60802	0.61127	6.17924	33.30424	29.97

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>	2007			1998		
	Taxable	Rank	Percentage of	Taxable	Rank	Percentage of
	Assessed Value		Total City	Assessed Value		Total City
			Taxable			Taxable
			Assessed			Assessed
			Value			Value
Kennedy Mall	\$ 26,338	1	.94 %	\$ 17,536	3	1.00 %
Medical Associates Realty	19,271	2	.69			
Otto A LLC	17,500	3	.62			
Nordstrom, Inc.	16,884	4	.60	9,258	5	.53
Platinum Holdings	11,178	5	.40			
Minglewood Limited Partnership	9,948	6	.35			
Lexington Dubuque	9,844	7	.35			
Angelus of Dubuque, LLC	9,810	8	.35			
Plaza 20 Inc.	9,693	9	.35	7,021	10	.40
American Trust & Savings Bank	9,523	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
U.S. West Communications				7,768	8	.44
Georgia-Pacific Corp./Color-Box, LLC				7,192	9	.41
	\$ 139,989		4.99%	\$ 154,036		8.80%

Effective 2001 utility companies (Alliant Energy/Interstate Power and Aquila Natural Gas) pay excise tax on revenue to the state rather than property taxes.

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
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
2007	17,216	17,193	99.9	4	17,197	99.9	174	1.0

(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			Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Tax Increment Financing Bonds	Tax Increment Financing Notes	General Obligation Bonds	Revenue Bonds	Total Primary Government		
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	3,820,394	655,000	6,660,000	1,350,000	31,495,394	1.85%	546
2005	24,960,000	3,450,820	622,211	8,090,000	1,150,000	38,273,031	2.16%	663
2006	24,165,750	3,040,304	590,439	11,619,250	940,000	40,355,743	2.17%	700
2007	22,990,000	2,594,831	1,279,885	11,090,000	720,000	38,674,716	*	670

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
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
2007	22,990	1,771,232	1.30%	2,804,568	0.82%	399

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

CITY OF DUBUQUE, IOWA
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2007

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	\$ 22,990,000 (1)	100.00%	\$ 22,990,000
Overlapping:			
Dubuque County	1,805,000	56.82	1,025,599
Dubuque Public School District	-	-	-
Northeast Iowa Community College	<u>1,190,000</u>	22.59	<u>268,799</u>
Total Overlapping	<u>2,995,000</u>		<u>1,294,398</u>
Total	<u>\$ 25,985,000</u>		<u>\$ 24,284,398</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.

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

Table 12

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debit limit	\$ 88,817	\$ 99,373	\$ 99,521	\$ 100,745	\$ 102,359	\$ 115,896	\$ 117,516	\$ 133,149	\$ 138,789	\$ 145,401
Total net debt applicable to limit	10,795	8,545	10,511	18,687	30,250	30,271	30,185	37,177	39,443	38,060
Legal debit margin	\$ 78,022	\$ 90,828	\$ 89,010	\$ 82,058	\$ 72,109	\$ 85,625	\$ 87,331	\$ 95,972	\$ 99,346	\$ 107,341
The net debt applicable to the debt limit as a percentage of debt limit	12.15%	8.60%	10.56%	18.55%	29.55%	26.12%	25.69%	27.92%	28.42%	26.18%
Legal Debt Margin Calculation for Fiscal Year 2007										
	Estimated actual value									
	\$ 2,908,010,782									
	Debt limit - 5% of total actual valuation									
	\$ 145,400,539									
	Debt applicable to limit:									
	(Including GO Debt, TIF Debt and Lease Obligations Paid from General Fund)									
	38,059,507									
	Legal debt margin									
	\$ 107,341,032									

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	
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
2007	2,113	1,014	1,099	230	34	264	4.16

(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 Receipts</u>	<u>Sewer Receipts</u>
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
2007	4,856,353	5,276,454

Source: Cash basis receipt ledgers.

CITY OF DUBUQUE, IOWA
WATER METERS BY RATE CLASS
LAST TWO FISCAL YEARS

Table 15

Fiscal Year	Residential	Commercial	Industrial	Government	Total
2006	19,813	1,820	73	35	21,741
2007	19,914	1,839	74	38	21,865

*Prior eight years information not available.

CITY OF DUBUQUE, IOWA
LARGEST WATER AND SEWER CUSTOMERS
FISCAL YEAR 2007

Table 16

Customer	Water		Percentage of		Percentage of	
	Receipts	Rank	Total Water	Sewer	Total Sewer	
			Receipts	Receipts	Rank	Receipts
Rousselot Inc.	\$ 168,627	1	3.47 %	\$ 372,448	1	7.06 %
Swiss Valley Farms	83,509	2	1.72	220,793	2	4.18
Mercy Medical Center	76,556	3	1.58	106,343	4	2.02
Alliant Power Company	38,998	4	0.80			
Finley Hospital	31,298	5	0.64	39,833	6	0.75
Jeld-Wen	30,591	6	0.63			
Loras College	29,628	7	0.61	31,469	10	0.60
Tablemound Mobile Home Park	27,559	8	0.57	43,073	5	0.82
Inland Protein Corporation	27,017	9	0.56	160,812	3	3.05
Metz Baking Company	26,776	10	0.55	37,749	7	0.72
Premier Linen & Dry Cleaning				35,170	8	0.67
Clarke College				32,972	9	0.62
Total Receipts	\$ 4,856,353			\$ 5,276,454		

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)
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	2.6
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	4.0
2002	57,686	2,421,441,000	26,760	37	9,906	3.9
2003	57,686	2,491,982,000	27,631	37	10,122	4.0
2004	57,686	2,695,504,000	29,549	37	10,428	4.4
2005	57,686	2,807,625,000	30,650	37	10,547	4.5
2006	57,686	2,983,000,000	32,290	37	10,733	3.5
2007	57,686	*	*	37	10,727	3.7

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	2007			2000		
	# of Employees	Rank	Percentage of Total City Employment (1)	# of Employees	Rank	Percentage of Total City Employment (1)
John Deere (2)	1,900	1	3.48 %	2,250	1	4.64 %
Dubuque Community Schools	1,730	2	3.17	1,500	2	3.10
Mercy Medical Center	1,324	3	2.43	1,500	2	3.10
Eagle Window & Door	950	4	1.74	450	10	.93
Medical Associates	935	5	1.71	950	6	1.96
Finley Hospital	920	6	1.69	850	8	1.75
City of Dubuque	627	7	1.15			
Woodward Communications, Inc.	600	8	1.10			
Holy Family Catholic Schools	600	8	1.10			
Prudential Retirement	590	10	1.08			
Farmland Foods				1,300	4	2.68
Times Mirror (Formerly Wm C. Brown)				1,000	5	2.06
Interstate Power Company				930	7	1.92
Flexsteel (3)				825	9	1.70
	10,176			11,555		

Source: Greater Dubuque Development Corp.

(1) Based on the percentage of total employment for Dubuque area from the U.S. Department of Labor, Bureau of Labor Statistics.

(2) Located just outside City Limits.

(3) Flexsteel had numerous layoffs in 2007.

2000 is the closest year to 1998 with employment information available.

CITY OF DUBUQUE, IOWA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/DEPARTMENT LAST TEN FISCAL YEARS

Table 19

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Emergency Communications	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	11.00	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	95.00	95.00	96.00	97.00	97.00	97.00	99.00	100.00
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	81.00	80.00	81.00	81.00	83.00	86.02	87.30	88.55	87.00	87.00
Engineering	22.00	22.00	22.00	24.00	24.00	24.00	24.00	24.00	25.00	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	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Culture and Recreation										
Civic Center	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	1.15	0.15
Library	17.00	17.00	17.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Park	20.92	20.92	20.92	20.92	21.92	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	7.93
Community & Economic Development										
Community / Economic Dev	4.25	5.00	5.00	5.00	5.00	3.00	3.00	3.00	3.00	3.00
Housing Services	15.00	18.00	18.00	18.00	20.00	20.25	20.00	21.00	21.00	20.25
Planning Services	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00
General Government										
Airport	13.00	13.00	13.00	13.00	13.00	14.00	13.00	13.00	13.00	13.23
Cable TV	3.00	3.00	3.00	3.00	3.00	2.00	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	9.00	9.00	9.00	9.00	11.00	10.00	10.00	11.00	11.00
Finance	16.00	16.00	16.00	16.00	16.00	16.00	15.00	14.00	14.00	14.00
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.62	3.00
Information Services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Business Type										
Water	24.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00
Water Pollution Control	23.00	19.00	19.00	19.00	18.00	18.00	18.00	18.00	18.00	18.00
Parking	8.00	8.00	8.00	9.00	11.00	11.50	10.50	10.50	8.00	8.00
Transit	12.00	12.00	12.00	12.00	7.50	8.00	7.00	7.00	8.55	8.00
Total	507.00	505.00	511.00	516.00	518.50	523.77	519.80	521.05	518.17	516.48

Source: City Budget Records.

Departments with employees who are allocated to more than one function are reflected in area with largest number of employees.

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

	Fiscal Year				
	1998	1999	2000	2001	2002
Public Safety					
Police					
Physical arrests ¹	2,700	2,825	2,807	2,564	-
Traffic violations ²	-	-	-	-	2,462
Parking violations ³	-	-	-	-	-
Fire					
Number of calls answered	2,848	3,336	3,158	3,736	4,774
Inspections conducted	1,021	742	829	805	841
Sewer					
Sewage system					
Daily average treatment in gallons	10,200,000	10,200,000	10,200,000	9,000,000	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	8,000,000	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 (Municipal Collection)					
Tonnage	13,999	14,171	14,279	13,979	13,594

Sources: Various City Departments.

¹ Statistics not available for fiscal year 2002.

² Statistics begin in fiscal year 2002.

³ Statistics begin in fiscal year 2003.

Table 20

Fiscal Year				
2003	2004	2005	2006	2007
4,000	4,550	4,795	4,790	5,078
2,126	2,427	2,171	2,111	1,986
51,162	49,985	51,004	46,575	42,530
3,974	4,181	4,300	4,176	4,454
524	408	1,135	409	360
8,000,000	8,000,000	8,500,000	8,500,000	8,000,000
15,000,000	15,000,000	13,500,000	13,500,000	13,500,000
8,000,000	8,000,000	7,720,000	7,360,000	7,647,685
18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
10,435	10,330	10,428	10,573	10,807

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

	Fiscal Year				
	1998	1999	2000	2001	2002
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	1,195
Health and social services					
Hospital	2	2	2	2	2
Number of patient beds	584	649	478	478	478
Cultural and recreation					
Library	1	1	1	1	1
Golf	1	1	1	1	1
Parks	33	33	38	38	39
Acreage	741	741	833	833	834
Recreation					
Civic center	1	1	1	1	1
Swimming pools	2	2	2	2	2
Softball fields	6	7	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	20,550	20,550	20,200
Water systems					
Miles of water mains	250	250	301	302	305
Number of service connectors	20,000	20,000	21,130	21,000	20,550
Number of city owned fire hydrants	2,004	2,004	2,635	2,685	2,712

Sources: Various City Departments.

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

Table 21

Fiscal Year				
2003	2004	2005	2006	2007
1	1	1	1	1
18	18	19	19	19
6	6	6	6	6
3	3	3	3	3
273	290	290	295	307
1,500	1,591	1,631	1,755	1,802
2	2	2	2	2
584	560	421	421	405
1	1	1	1	1
1	1	1	1	1
42	42	44	44	47
850	850	855	845	898
1	1	1	1	1
2	2	2	2	2
7	7	7	7	8
1	1	1	1	1
20	20	20	19	19
*	*	*	300	322
*	*	*	116	120
1	1	1	1	1
20,800	21,000	21,000	21,443	21,568
305	310	312	313	315
21,032	21,206	21,016	21,257	21,210
2,713	2,736	2,770	2,780	2,798



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**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, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 17, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and another deficiency we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-07 is a material weakness.

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, 2007, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part III 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.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City's responses, and accordingly, we express no opinion on them.

We noted certain matters that we reported to management of the City of Dubuque, Iowa, in a separate letter dated December 17, 2007.

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 "Erik Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
December 17, 2007



CPA & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
ITS 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 its major federal program for the year ended June 30, 2007. The City's major federal program is 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 its major federal program 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 its major federal program for the year ended June 30, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
December 17, 2007

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
Department of Housing and Urban Development:			
Community Development Block Grants/ Entitlement Grants	14.218	B-05-MC-19-0004	\$ <u>1,250,740</u>
Community Development Block Grants/ Technical Assistance Program	14.227	IA05SPG23	<u>10,914</u>
Fair Housing Assistance Program – State and Local	14.401	FF207K057006	38,437
Fair Housing Assistance Program – State and Local	14.401	FF207K067006	<u>2,400</u>
			<u>40,837</u>
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-002	2,710
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-005	<u>40,726</u>
			<u>43,436</u>
Section 8 Housing Choice Vouchers	14.871	KC-9004V	<u>4,290,463</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0243-03	<u>268,240</u>
Department of Justice:			
Bulletproof Vest Partnership Program	16.607	2004BUBX040	2,377
Bulletproof Vest Partnership Program	16.607	2005BUBX050	<u>3,587</u>
			<u>5,964</u>
Department of Transportation:			
Airport Improvement Program	20.106	3-19-0028-41	240,398
Airport Improvement Program	20.106	3-19-0028-33	8,917
Airport Improvement Program	20.106	3-19-0028-40	<u>820,264</u>
			<u>1,069,579</u>
Federal Transit – Capital Investment Grants	20.500	IA-90-X317-00	<u>909,175</u>
Total Direct			<u>7,889,348</u>
			(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
Department of Justice:			
Governor's Office of Drug Control Policy: Byrne Formula Grant Program	16.579	06JAG/HS-A06	\$ <u>37,232</u>
Attorney General's Crime Victim Assistance Division: Violence Against Women Formula Grants	16.588	VW-07-27A	<u>2,775</u>
Dubuque County, Iowa: Public Safety Partnership and Community Policing Grants	16.710	06LDDAP-01	<u>1,527</u>
Helping Services for Northeast Iowa, Inc.: Enforcing Underage Drinking Laws Program	16.727	5885DV06	<u>2,996</u>
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-2100(619)- -8I-31	60,189
Highway Planning and Construction	20.205	STP-U-2100(634)- -70-31	845,217
Highway Planning and Construction	20.205	STP-E-2100(631)- -8V-31	19,888
Highway Planning and Construction	20.205	ER-2100-(636)- -58-31	224,495
Highway Planning and Construction	20.205	STP-E-2100(618)- -8V-31	39,999
Highway Planning and Construction	20.205	SBIA04(2)- - 2T-00	3,200
Highway Planning and Construction	20.205	2T-00-IA-012-002	74,096
Highway Planning and Construction	20.205	STP-U-2100(635)- -70-31	1,096,273
Highway Planning and Construction	20.205	STP-U-2100(623)- -70-31	1,516,196
Highway Planning and Construction	20.205	STP-U-2100(621)- -70-31	248,171
Highway Planning and Construction	20.205	SBIA-IA03(2)- -2T-00	<u>7,310</u>
			<u>4,135,034</u>
Recreational Trails Program	20.219	NRT-NT06(9)9G-31	<u>200,000</u>
Federal Transit – Capital Investment Grants	20.500	03-0094-210-02	<u>74,923</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-210-06	<u>30,839</u>
Job Access – Reverse Commute	20.516	37-X006-210-01	<u>15,241</u>
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	06-04, TASK 12	4,490
State and Community Highway Safety	20.600	07-04, TASK 12	<u>8,311</u>
			<u>12,801</u>
(continued)			

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect: (continued)			
Department of Transportation: (continued)			
Governor's Traffic Safety Bureau: (continued)			
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	06-163, TASK 25	\$ 16,767
Department of Education:			
Helping Services for Northeast Iowa, Inc.:			
Safe and Drug-Free Schools and Communities – State Grants	84.186	5887DV06	8,325
Department of Health and Human Services:			
Iowa Department of Public Health:			
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5887LP05	9,844
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	3106	7,889
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	3107	19,538
			27,427
Department of Homeland Security:			
Iowa Department of Public Defense:			
Public Assistance Grants	97.036	FEMA-DR-1420-IA	23,699
Public Assistance Grants	97.036	FEMA-DR-1518-IA	301,140
			324,839
Total indirect			4,900,570
Total			\$ 12,789,918

CITY OF DUBUQUE, IOWA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

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	\$ 187,955

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (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 program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the 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) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$383,698.
- (i) The City of Dubuque, Iowa, qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY/MATERIAL WEAKNESS

II-A-07 Preparation of Financial Statements – As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Recommendation – We recognize that with a limited number of office employees, preparation of the financial statements is difficult. However, we recommend that City officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances.

Response – The American Institute of Certified Public Accountants implemented a new auditing standard. There have been no changes in city procedures. A cost benefit analysis reflects that the City continue with the current contractual agreement that the CPA firm prepare our financial statements.

Conclusion – Response accepted.

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

Part II: Findings Related to the Financial Statements: (continued)

SIGNIFICANT DEFICIENCY

II-B-07 Capital Assets – During our audit, there were significant adjustments to capital asset amounts. The City has a centralized custodian in the Finance Department who maintains a record of the City's capital assets, including additions and deletions made during the year. During the 2003 fiscal year, the City adopted Governmental Accounting Standards Board Statement No. 34. This statement increased the complexity of the capital assets by requiring governmental infrastructure and depreciation on governmental capital assets be reported. Adding to the complexity, the City has many large projects that are funded from more than one source, including transfers from multiple funds, bond proceeds, and grant revenue.

Recommendation – Due to this increased complexity, the City's capital assets records should be closely reviewed for errors by management with knowledge of capital asset policies.

Response – The Director and/or the Assistant Finance Director will continue to monitor the preparation of capital asset records. We believe the adjustments made during the audit were not significant as a percent of total capital assets, current year capital additions, or current and future depreciation expense.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-07 Certified Budget – Function disbursements during the year ended June 30, 2007, did not exceed amount budgeted.

III-B-07 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.

III-C-07 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-07 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>
Kevin Lynch, council member, owner of Net Smart	Services	\$ 280
Stacie Scott, employee, spouse is owner of Scott Elite Concrete	Construction	\$ 1,610
Jan Anderson, employee, spouse is owner of Anderson Design & Consulting, Inc.	Architect services	\$ 30,590

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

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

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Net Smart do not appear to represent a conflict of interest since the total transactions were less than \$1,500 during the fiscal year. In accordance with Chapter 362.5(4) of the Code of Iowa, the transactions with Scott Elite Concrete and Anderson Design & Consulting, Inc., do not appear to represent conflicts of interest since the transactions were entered into through competitive bidding.

- III-E-07 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 the coverage is adequate for current operations.
- III-F-07 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- III-H-07 Revenue Bonds – No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.
- III-I-07 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.