

COMPREHENSIVE ANNUAL FINANCIAL REPORT



ALL GAVE SOME

SOME GAVE ALL

THE CITY OF
DUBUQUE
Masterpiece on the Mississippi

Iowa



FISCAL YEAR ENDED JUNE 30, 2010

About the Cover:

Veterans Memorial Plaza, constructed in 2009, is located on Dubuque's Chaplain Schmitt Island. The memorial recognizes 13 conflicts America has been involved with and includes a curved wall dedicated to the five branches of service. In the center of the memorial is a 6-ton, 5 ft. diameter granite globe.

Photo by:

Jessica Kurt

Page Layout by:

Kelli Buchenau

Comprehensive Annual Financial Report
June 30, 2010

City of Dubuque, Iowa

Prepared by:
Department of Finance

Introductory Section

June 30, 2010

City of Dubuque, Iowa

CITY OF DUBUQUE, IOWA

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CITY OF DUBUQUE, IOWA

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January 21, 2011

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, 2010, 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 2010. 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 units. Component units are legally separate entities for which the City of Dubuque is financially accountable. The City provides a full range of services including police and fire protection, sanitation services, the construction and maintenance of roads, streets, and infrastructure, inspection and licensing functions, maintenance of grounds and buildings, municipal airport, library, recreational activities and cultural events. In addition to general government activities, the municipality owns and operates enterprises for a water system, water pollution control facility, 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) and Dubuque Initiatives and Subsidiaries as discretely presented component units. A 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. Dubuque Initiatives is organized to render service to the City Council of the City of Dubuque, Iowa on matters of community interest, and in the event of dissolution, any assets or property of the organization are transferred to the City. In 2009, the City of Dubuque guaranteed debt issued by Dubuque Initiatives and Subsidiaries.

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 independent auditor's report.

PROFILE OF THE CITY

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, two casinos, one with a pari-mutuel dog track and the Smithsonian-affiliated National Mississippi River Museum and Aquarium. 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.

Dubuque has a stable and diversified economic base and is the major tri-state retail center. Dubuque ended the fiscal year with an unemployment rate of approximately 6.4 percent, lower than the 6.7% state unemployment rate and 9.5% national rate. The new IBM Service Center will have added 1,300 IT jobs by December 2010.

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 mayor is elected to a four-year term. 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. Four of the council members are elected within their respective wards; the mayor and the two remaining council members are elected at large. The governing council is responsible for, among other things, setting policy, passing ordinances,

adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for overseeing the day-to-day operations of the government, making recommendations to the City Council on the budget and other matters, appointing the heads of the government's departments, and hiring employees.

ECONOMIC CONDITION

Development at the Port of Dubuque continues with an \$80 million Diamond Jo Casino entertainment expansion completed December 2008 and a \$32 million expansion completed in July 2010 by the National Mississippi River Museum and Aquarium. These projects join the already completed developments in the Port of Dubuque including the McGraw-Hill Higher Education office building, the LEED-certified remodeling of the former Adams facility by Durrant; renovation of the City-owned Dubuque Star Brewery by a private developer for office, restaurant, and retail use and a new City parking ramp.

Over the past few years, the City has seen tremendous growth in the Dubuque Industrial Center West (DICW). Ten businesses have located and/or expanded in this industrial area. Due to this growth, the City expanded the Industrial Park in 2010 by adding another 100 acres of available industrial sites for future growth.

The Dubuque Technology Park on the south side of the City is the new home of Kunkel and Associates, Sedgwick CMS, Straka Johnson Architects, and Entegee Engineering in recent years. Sedgwick CMS is already expanding their current leased facility and has committed to create 106 new jobs in 2010-11, this is in addition to the creation of nearly 200 new jobs at Hormel and 100 new jobs at Medline.

Downtown development continues at a brisk pace with the following projects: \$11 million expansion by Cottingham and Butler, which adds 90 new jobs; the renovation of the former Interstate Power Company headquarters, now the home of W.S. Live with over 150 new jobs for the downtown; and a \$1.5 million restoration of the historic German Bank building were completed during 2008. A \$6.2 million renovation project at the Carnegie Stout Public Library was completed in September 2010. The Hotel Julien completed a \$33 million renovation in late 2009. In 2008 and in 2009 there was over \$100 million spent each year in building construction, renovation, and public improvement and today there are over 9,000 people working in downtown Dubuque.

The most recent major development in the Downtown began with the January 2009 announcement that IBM will be utilizing the former Roshek Building as the office for 1,300 new service center jobs. The building was purchased by Dubuque Initiatives and is currently undergoing a \$43 million renovation. IBM has already taken possession of the top five floors (5-9) and achieved their employment goal by the end of 2010. Two restaurants and a spa have become first-floor tenants. A confectioner has also begun tenancy on the first floor.

The IBM project has created a high demand for rental housing, as many of these new employees are recent college graduates. 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 private and public sectors over the next ten years. A master plan for the redevelopment of the district was approved by the Council in February 2009. Planning has been completed for the infrastructure and parking needs anticipated by the redevelopment of these large brick structures for mixed-use purposes.

The City is actively working with developers to expedite the rehabilitation process in order to fill the critical housing need created by IBM. A 24-unit condominium project has been completed at 40-42 Main Street. Another 20-plus unit renovation has begun next door. The completion of Cathedral Square Condos added 24 units to the market in October, 2010. The upper three stories of the former Bricktown building are being renovated into 24 residential units that should be available in early 2011. There are several other scattered upper story redevelopments that are or will soon be available for market rate residential rental.

West end construction includes Horizon Development opening their 43-unit senior assisted living residence in the spring of 2010; Kluck Construction is finishing the first of two 24-unit market rate apartment buildings; and GTW Pennsylvania, Inc. has finished their first 36-unit market rate two-bedroom apartments near the Dubuque Industrial Center West and began work on the second set of 36-units. Eagle Rock Construction is finishing construction of a 15-unit townhouse development. Portzen Construction is in the process of constructing 35 townhouse units along Wyngate Drive off Pennsylvania Avenue near the Kennedy Mall. 3-Diamond Development is beginning construction of a 60-unit senior apartment building near Sylvan Drive.

Construction and selling of lots continues for four residential subdivisions. Pebble Cove #1 and #2, located near the southwest corner of the Northwest Arterial will provide 46 new building lots for single and two-family homes. Construction of three homes is currently underway. English Ridge subdivision, located east of the intersection of U.S. 20, will create 45 single-family lots in the first phase. Ten homes are completed or underway in that subdivision. Northfork Trails is beginning construction of their second two-unit townhome located in their first phase. Northfork Trails provides 17 building lots for two-family homes and will incorporate sustainable land management and building construction practices on an infill site. Westbrook Subdivision on the City's far west side is nearing completion of its first phase of 39 lots. The developer has initiated discussions for a second phase.

Retail construction includes a new 40,000 square foot Dick's Sporting Goods Store on the east side of the Kennedy Mall. Downtown retail includes: the opening of Vinny Vanucchi's in the former 180 Main building; conversion of the Walker Shoe building to the Victory Café; construction of Café Manna Java, Beijing Grill, and Rocky Mountain Chocolate Factory on the ground floor of the Roshek Brothers building. Walgreens opened a new north end store in August 2009 serving as their third location in Dubuque and Holiday Inn Express opened their facility on the west side of town. Demolition was completed on the former meat packing plant, opening 30 acres for future retail development on the Highway 151/61 corridor. Nearly all of the materials from the former facility have been recycled.

Other recent major construction projects include the University of Dubuque Birmingham-Mercer Building and two new parking lots in anticipation of construction of a new performing arts building.

The City remodeled a downtown building that houses the Multicultural Family Center. The Center has expanded programming and touched the lives of many Dubuque citizen's during its first year of expanded operations.

The Dubuque Ice and Recreation Center (DICE) group and four partner organizations recently completed an \$8 million, 3,000-seat ice arena on Schmitt Island for the Dubuque Fighting Saints, youth hockey, and community ice events. The City contributed \$200,000 plus the land for the facility, and improved the McAleece Recreation Complex parking lot as part of the project. The City will own the Mystique Ice Center, but it will be operated by DICE through a lease.

The City continues to receive awards and recognition from a variety of sources including:

- Dubuque received the International Economic Development Council's 2010 "**Excellence in Economic Development Award**" in the category of Public/Private Partnerships for communities with populations of 25,000-200,000 for the historic redevelopment of the Roshek Building;
- The Iowa League of Cities named Dubuque its **2010 All-Star Community** for the Sustainable Dubuque initiative;
- Dubuque was ranked 15th in the nation in *Forbes* magazine's **annual "Best Small Places for Business and Careers"** (September 2010);
- Named "**One of America's 100 Best Communities for Young People**" by America's Promise Alliance for Youth for 2010, 2008, and 2007;
- Named one of America's **2009 "Crown Communities"** by *American City & County* magazine;
- **2009 Best Business Retention & Expansion Program Award;**
- **2009 RelocateAmerica.com Top 100 Places to Live;**
- 2009 Economic Development Administration's "**Excellence in Economic Development Award for Excellence in Historic Preservation-led Strategies**" for the IBM/Roshek Building Project;
- **Ranked 18th in nation in 2008's "Best Small Places for Business and Careers"**, by *Forbes* magazine;
- **2008 Most Livable Small City in the U.S.**, by the U.S. Conference of Mayors;
- **2007 All-America City**, by the National Civic League;
- **Ranked 22nd among the "Top 25 Boomtowns" in the nation**, by *Inc.* magazine in May 2007;
- **2006 Iowa Great Place**, by the Iowa Department of Cultural Affairs Citizen Advisory Board.

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.

In an effort to continue to meet passenger demand of Dubuque and the surrounding communities, the Airport & the Federal Aviation Administration (FAA) commissioned a Preliminary Design Phase in 2009 to develop an "Engineer's Report". Now that the Passenger Terminal Facility

preliminary design phase is completed, staff can move into specific design phases associated with the proposed terminal complex.

At the request of FAA, the various design phases associated with the development of the new Passenger Terminal Facility (site work & building-related) that were programmed throughout the project have been moved forward. It is expected that nearly 90% of the project costs will be funded by Airport Improvement Program grants issued through the Federal Aviation Administration. The program for these grants has been allowed to languish in Congress for nearly four years. We await action by the conference committee and subsequent Presidential approval for a multi-year funding program. Other funds through the state and locally generated passenger facility charges are being banked for this project.

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 have involved 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 area. 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 Sustainable City as one of its top priorities. Since then, many initiatives have been underway to make Dubuque a more sustainable community. The City continues to implement projects that will help it achieve the Council's goal. These include adoption of the Unified Development Code, establishment of a City Green Team, completion of a Green House Gas Inventory for City operations and facilities and a variety of neighborhood-based green initiatives. The Iowa League of Cities named Dubuque as a 2010 All-Star Community for its Sustainable Dubuque Initiative.

Smarter Sustainable Dubuque is a unique public/private partnership between the City of Dubuque and IBM Research, the division of IBM responsible for its "Smarter Planet" campaign. The project was initiated in September 2009 when the City of Dubuque and IBM announced their intentions to make Dubuque one of the first "smarter" sustainable cities in the U.S. Plans include the development of new "smarter" technologies and implementation strategies to create a replicable, international model of sustainability for communities of 200,000 and under, where over 40 percent of the U.S. population resides. The model will integrate community engagement and education, more energy-efficient ways of operating municipal services and buildings, decreased carbon emissions, new job creation, increased financial savings, and a higher quality of life for the entire community. Smarter Sustainable Dubuque will provide Dubuque residents the information and tools they need to make smarter choices about resource consumption. The initiative is engaging Dubuque residents and businesses who, through advanced technology, will be able to voluntarily better manage their use of resources like water, electricity, oil, and natural gas. Individual wellness is also being considered as a component. A pilot study involving more than 300 volunteer households equipped with smart water meters and another study involving nearly 1,000 volunteer households equipped with smarter electric meters are currently underway.

A groundbreaking ceremony was held in October 2010 for a major renovation of the City's water pollution control plant. Construction of the new WPCP facilities requires four major components: four anaerobic digesters (each approximately 70 feet in diameter and 30 feet tall) and a central control building; conversion from chlorine disinfection to ultra violet light; modification of existing structures for flow equalization; and overall upgrades and repairs. A small structure will also be constructed to temporarily store bio-solids before they are transported to an off-site storage facility and ultimately applied to agricultural land. The project is estimated to cost \$64 million and is expected to be completed by December 2013. The project is being funded by state revolving loan funds repaid with sanitary sewer user fees.

Construction also began in the summer of 2010 on the Lower Bee Branch Creek Restoration project, which will protect more than 1,100 properties currently at risk of flood damage during heavy rains. It involves the construction of a 4,500-foot long open waterway from the 16th Street Detention Basin to Comiskey Park. The project required the deconstruction of 65 residential and 10 commercial structures. Construction of the first phase has begun and involves the excavation and handling of approximately 265,000 cubic yards of soil. Phase one also includes the dredging of the 16th Street Detention Basin, construction of two bridges, reconstruction of the Couler Valley sanitary sewer interceptor, and water main improvements along 14th Street and along 16th Street. Phase two will begin next fall. The entire \$41.3 million Bee Branch Creek Restoration Project is scheduled to be complete in the spring of 2013. The City was recently awarded a \$3.9 million I-JOBS grant from the State of Iowa for this project and continues to apply for additional federal and state assistance. The remainder will be funded using general obligation bonds and state revolving loan funds to be repaid with revenue generated through the City's monthly stormwater utility fee.

The City of Dubuque's Parking Division has maintained a waiting list for parking spots at most downtown ramps. To address current and future needs, a 477-space, seven-level ramp is being built at 10th Street and Central Avenue. The project also includes the addition of three truck bays to the Fire Department headquarters next door. The City was awarded a \$1.5 million grant from the U.S. Department of Commerce Economic Development Administration toward the \$10.1 million project cost. The City also sold \$9 million in urban renewal general obligation bonds (to be repaid with tax increment financing receipts) to fully fund the project. Construction will be completed in 2011.

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:

- Diverse, Strong Dubuque Economy
- Sustainable City – Economic Prosperity, Social/Cultural Vibrancy, Environmental Integrity

- Planned and Managed Growth
- Partnering for a Better Dubuque
- Improved Connectivity: Transportation and Telecommunications

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, 2010, 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 (including DMASWA) received cash basis investment earnings of \$1,458,623 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.

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 \$500,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims reflected a \$853,783 deficit as of June 30, 2010. Provision for a large number of claims were accrued at fiscal year end with funds to cover payment available in next fiscal year. The City has also established a self-insurance plan for medical, prescription drug, and short-term disability. The accumulated reserve provision for such claims equaled \$1,713,782 as of June 30, 2010. 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 Aa1 from a previous rating of Aa2 in August 2010. This upgrade was due in part to Moody's Investors Service recalibrating municipal ratings to a global scale. Series 2010 A, B and C bond ratings continued at Aa1 which reflects the City's role as dominant regional service and retail provider in northeast Iowa; satisfactory reserves enhanced by revenue raising flexibility; and a manageable debt position given the support of non-levy revenue sources that offset annual debt service payments.

The previous general obligation bond rating of Aa2 existed for bonds issued from September 2003-2009.

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, 2009. This was the 22nd consecutive year that the City 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.

GFOA also 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, 2010. In addition, we received the award for the fiscal year ending June 30, 2011. 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 was the 5th consecutive year that the City has achieved this prestigious award. This award is valid for a period of one year.

The City of Dubuque submitted its investment policy to the Association of Public Treasurers of the United States and Canada for review and recertification during fiscal year ended June 30, 2009. The City was awarded the Certification of Excellence in July 2009. The investment policy is normally reviewed every five years.

Acknowledgments. The preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We also thank the Mayor and City Council 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,

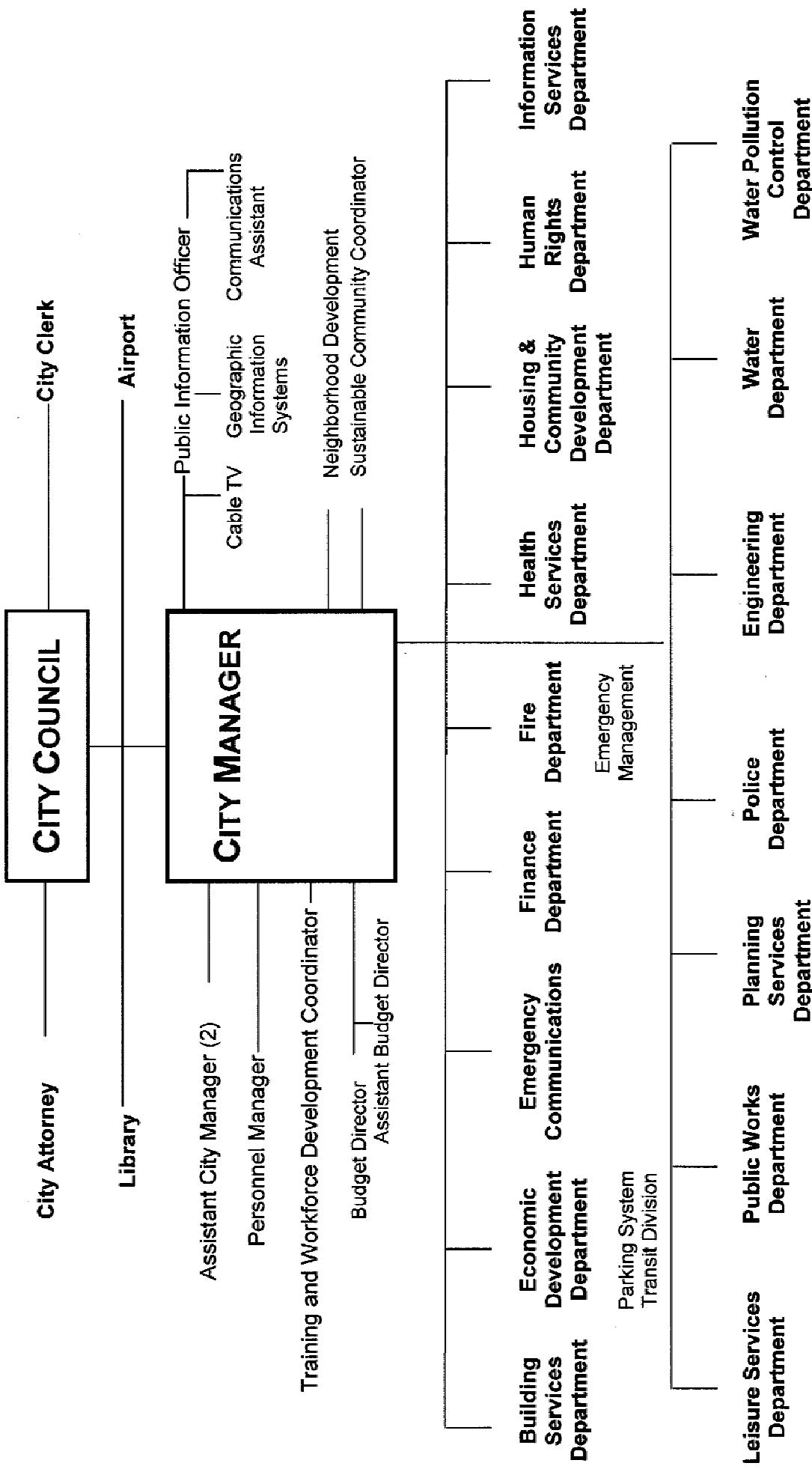


Michael C. Van Milligen
City Manager



Kenneth J. TeKippe, CPA
Finance Director

CITY OF DUBUQUE ORGANIZATIONAL CHART



Civic Center Park Recreation

CITY OF DUBUQUE, IOWA

OFFICIALS

JUNE 30, 2010

CITY COUNCIL

Roy D. Buol
Richard W. Jones
David T. Resnick
Kevin J. Lynch
Karla A. Braig
Joyce E. Connors
Dirk N. Voetberg

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
Marie L. Ware
Susan A. Henricks
Donald J. Vogt
Laura B. Carstens
Mark M. Dalsing
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, 2009

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.

A handwritten signature in black ink.

President

A handwritten signature in black ink.

Executive Director

Financial Section
June 30, 2010
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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements 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 did not audit the financial statements of Dubuque Initiatives and Subsidiaries (a discretely presented component unit). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Dubuque Initiatives and Subsidiaries, is based on the reports of the other auditors.

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. The financial statements of Dubuque Initiatives and Subsidiaries, a discretely presented component unit, were not audited in accordance *Government Auditing Standards*. 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, 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 January 21, 2011, 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.

Management's discussion and analysis and other required supplementary information, listed in the table of contents, are not required parts 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 (OMB) 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 fluid and cursive, with "Eide" and "Baily" being the most prominent parts, and "LLP" at the end.

Dubuque, Iowa
January 21, 2011

**CITY OF DUBUQUE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

This section of the City of Dubuque's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2010. 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 \$460,549,806 (net assets). This was an increase of \$6,239,484 over net assets at June 30, 2009, primarily due to additions in buildings and infrastructure.
- Unrestricted net assets for governmental activities are negative \$11,256,312 due to TIF debt for the Port of Dubuque parking facility residing in governmental activities.
- The expenditures of the general fund exceeded revenues by \$6,442,475.
- The ending general fund balance was \$13,822,465.
- Within the City's business-type activities, revenues exceeded expenses and transfers by \$3,050,548.
- For the year, the revenues of the City's governmental activities exceeded expenses and transfers by \$3,188,936.
- The City's debt increased by \$15,591,834 due to issuance of new debt exceeding principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also two other legally separate entities (known as component units), the Dubuque Metropolitan Area Solid Waste Agency (DMASWA) and Dubuque Initiatives (DI) and Subsidiaries, for which the City of Dubuque is considered financially accountable. Financial information for DMASWA and DI are reported separately from the financial information presented for the primary government. The Dubuque Metropolitan Area Solid Waste Agency and Dubuque Initiatives and Subsidiaries issue separate financial statements. Dubuque Initiatives and Subsidiaries' financial statements are prepared on a calendar year basis while the Dubuque Metropolitan Area Solid Waste Agency's financial statements are prepared on the same fiscal year basis as the City of Dubuque.

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 by the City in this category include water, sewer, storm water, refuse, parking, transit and the 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 five 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, community development fund, and general construction 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, storm water, and refuse utilities, transit service, parking facilities, 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 engineering services, garage services, 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 and the funding progress for the retiree benefit plan.

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 \$460,549,806 at the close of the most recent fiscal year.

The largest part of the City's net assets (94.2%) 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 73,454,790	\$ 82,013,145	\$ 24,755,782	\$ 16,750,708	\$ 98,210,572	\$ 98,763,853
Capital assets	335,569,658	320,588,664	148,392,552	139,030,639	483,962,210	459,619,303
Total assets	409,024,448	402,601,809	173,148,334	155,781,347	582,172,782	558,383,156
Long-term liabilities	57,954,405	54,942,748	34,465,063	20,751,447	92,419,468	75,694,195
Other liabilities	27,135,353	26,913,307	2,068,155	1,465,332	29,203,508	28,378,639
Total liabilities	85,089,758	81,856,055	36,533,218	22,216,779	121,622,976	104,072,834
Net assets:						
Invested in capital assets,						
net of related debt	309,126,684	298,855,346	124,805,513	120,473,286	433,932,197	419,328,632
Restricted	26,064,318	27,171,123	129,642	770,157	26,193,960	27,941,280
Unrestricted	(11,256,312)	(5,280,715)	11,679,961	12,321,125	423,649	7,040,410
Total net assets	\$ 323,934,690	\$ 320,745,754	\$ 136,615,116	\$ 133,564,568	\$ 460,549,806	\$ 454,310,322

A portion of the City's net assets (5.7%) represents resources that are subject to external restrictions on how they may be used.

At the close of fiscal years 2010 and 2009, the City is able to report positive balances in total net assets, both for the government as a whole and business-type activity. The only deficit balance reported is in the governmental activities unrestricted category. This is due to TIF debt for the Port of Dubuque parking facility residing in governmental activities. The City also has unfunded OPEB liability and accrued employee absences that would not have corresponding offsetting assets.

Governmental activities. The Governmental activities increased in the net assets by \$3,188,936 in 2010. Taxes are the largest source of governmental revenues with property taxes of \$24,876,073 in 2010. Other governmental revenues included gaming of \$8,209,761, local option sales taxes of \$8,112,471, and \$11,000,413 of charges for services. Governmental expenses during 2010 totaled \$82,974,812. The largest programs were public safety of \$22,067,988, public works of \$22,121,629, community and economic development of \$15,422,099 and culture and recreation of \$11,446,084.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ 11,000,413	\$ 10,314,274	\$ 19,075,850	\$ 18,809,520	\$ 30,076,263	\$ 29,123,794
Operating grants and contributions	20,830,113	12,599,967	1,652,277	1,095,946	22,482,390	13,695,913
Capital grants and contributions	10,748,522	4,811,729	3,800,582	3,613,321	14,549,104	8,425,050
General revenues						
Property taxes	24,876,073	23,716,819	-	-	24,876,073	23,716,819
Local option sales tax	8,112,471	7,649,853	-	-	8,112,471	7,649,853
Hotel/motel tax	1,678,806	1,611,954	-	-	1,678,806	1,611,954
Utility franchise fees	1,591,712	1,486,292	-	-	1,591,712	1,486,292
Gaming	8,209,761	9,627,391	-	-	8,209,761	9,627,391
Unrestricted investment earnings	1,339,709	2,215,413	294,562	433,148	1,634,271	2,648,561
Gain on sale of capital assets	-	407,503	23,699	2,304	23,699	409,807
Other	880,930	918,605	-	-	880,930	918,605
Total revenues	89,268,510	75,359,800	24,846,970	23,954,239	114,115,480	99,314,039
Expenses:						
Public safety	22,067,988	22,038,265	-	-	22,067,988	22,038,265
Public works	22,121,629	19,079,688	-	-	22,121,629	19,079,688
Health and social services	852,099	849,237	-	-	852,099	849,237
Culture and recreation	11,446,084	12,640,716	-	-	11,446,084	12,640,716
Community and economic development	15,422,099	12,693,140	-	-	15,422,099	12,693,140
General government	7,963,016	6,423,908	-	-	7,963,016	6,423,908
Interest on long-term debt	3,101,897	3,164,126	-	-	3,101,897	3,164,126
Sewage disposal works	-	-	6,631,326	6,326,708	6,631,326	6,326,708
Water utility	-	-	6,093,827	6,100,491	6,093,827	6,100,491
Stormwater utility	-	-	2,213,144	2,138,198	2,213,144	2,138,198
Parking facilities	-	-	4,003,776	2,147,405	4,003,776	2,147,405
America's River Project	-	-	423,158	61,927	423,158	61,927
Refuse collection	-	-	2,703,887	2,788,665	2,703,887	2,788,665
Transit system	-	-	2,832,066	2,625,145	2,832,066	2,625,145
Total expenses	82,974,812	76,889,080	24,901,184	22,188,539	107,875,996	99,077,619
Increase (decrease) in net assets before transfers						
Transfers	6,293,698	(1,529,280)	(54,214)	1,765,700	6,239,484	236,420
	(3,104,762)	(24,826,982)	3,104,762	24,826,982	-	-
Increase (decrease) in net assets	3,188,936	(26,356,262)	3,050,548	26,592,682	6,239,484	236,420
Net assets, beginning	320,745,754	347,102,016	133,564,568	106,971,886	454,310,322	454,073,902
Net assets, ending	\$ 323,934,690	\$ 320,745,754	\$ 136,615,116	\$ 133,564,568	\$ 460,549,806	\$ 454,310,322

Business-type activities. Business-type activities increased net assets by \$3,050,548 in fiscal year 2010. The 2009 \$26,592,682 increase in net assets was primarily due to the transfer for the Port of Dubuque parking ramp.

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 \$41,282,391 at June 30, 2010. 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. The balance at June 30, 2010 is higher than the goal.

The unreserved fund balance of special revenue employee benefits fund increased by \$10,639 to \$36,147. The unreserved fund balance of special revenue community development increased by \$529,874 to \$2,037,619.

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, 2010, totaled \$136,615,116 of which 8.5% (\$11,679,961) is unrestricted. The net assets of the internal service funds are \$1,137,803, a \$1,672,654 decrease from the 2009 total net assets, due to reduction in the funding level of the Employee Health Insurance Reserve, based on favorable results in claims for past years. The unrestricted net assets of the internal service funds are \$1,088,521 (95.7%).

The sewer disposal works had an increase in net assets of \$1,499,201 for total net assets of \$42,725,386 at June 30, 2010 primarily due to capital grants and contributions. The water utility had a decrease in net assets of \$24,286 for total net assets of \$24,323,361. The storm water utility had an increase in net assets of \$1,147,055 for total net assets of \$26,915,421 primarily due to capital grants and contributions. The parking facilities had an increase in net assets of \$120,220 for total net assets of \$38,519,562. The America's River Project had an increase in net assets of \$125,784 for total net assets of \$179,225.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2009-2010 cash basis budget. The first amendment was passed in September 2009 to reflect operating and capital budget carryovers (continuing appropriation authority) from 2009 and amends the FY 2010 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in April 2010 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 cash basis receipts increased by \$30,698,541. 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 \$61,877,162 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 cash basis revenues were \$40,298,281 less than the final amended budget, and cash basis expenditures were \$81,589,063 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$483,962,210 (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 6 to the financial statements in this report.

CAPITAL ASSETS (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 58,772,516	\$ 58,392,908	\$ 13,487,195	\$ 6,227,014	\$ 72,259,711	\$ 64,619,922
Buildings	113,435,724	109,118,439	85,822,990	85,114,689	199,258,714	194,233,128
Improvements other than buildings	15,535,320	15,535,320	68,523,151	63,968,022	84,058,471	79,503,342
Machinery and equipment	32,454,175	31,100,111	56,277,467	52,962,217	88,731,642	84,062,328
Infrastructure	192,517,528	188,493,620	-	-	192,517,528	188,493,620
Construction in progress	17,586,988	6,138,618	6,509,164	9,558,839	24,096,152	15,697,457
Accumulated depreciation	(94,732,593)	(88,190,352)	(82,227,415)	(78,800,142)	(176,960,008)	(166,990,494)
	\$ 335,569,658	\$ 320,588,664	\$ 148,392,552	\$ 139,030,639	\$ 483,962,210	\$ 459,619,303

Major expenditures during 2009-2010 were for work on the Southwest Arterial, completion of the Library renovation, Water Pollution Control Plant engineering and design, the Bee Branch storm water project, North Fork sewer improvement, and the Catfish Creek interceptor.

Long-term debt. At year end the City had \$87,404,922 of debt outstanding. This is an increase of \$15,591,834 from June 30, 2009. New debt issued during the current year included general obligation bonds for \$22,995,000 for a new fire pumper truck, street and fiber optics projects, storm water projects, airport projects, a new downtown parking lot, property improvements for the industrial center, and \$9,405,000 refunding of GO Bonds series 2001 and 2002. The City's bond rating for these issues was Aa2. The City also received disbursements from the State Revolving Fund construction loan program of \$5,307,590, of which \$3,225,700 are planning and design loans for primarily the Water Pollution Control Plant and Upper Bee Branch storm water projects. \$2,081,890 is construction loan funds for sanitary sewer and storm water projects and the City's water meter replacement project. The City also received a \$647,176 TIF loan from Premier Bank for conversion of warehouse property at 40 Main St. into residential apartments. The City entered into a Purchase Agreement with the Iowa Department of Transportation for \$330,000 to purchase a building in the harbor district with seven equal annual payments at zero percent interest.

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 \$167,247,462. With \$101,152,438 of debt applicable against the capacity, we are utilizing 60.48% of this limit. Additional information on the City's long-term debt can be found in note 7 of this report.

ECONOMIC FACTORS

The City's unemployment rate ended the fiscal year at 6.4%, a 0.2% increase from the prior year, but lower than both the State of Iowa's 6.7% rate and 9.5% national rate.

The assessed valuation of taxable property, net of exemptions, increased by 4.34% to \$2,023,899,000. In fiscal year 2010, the minimum monthly refuse rate increased \$0.74 to \$11.09, sewer rates increased 5%, water rates increased 5%, and the storm water monthly fee increased \$1.25 to \$5.25 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.

Basic Financial Statements
June 30, 2010

City of Dubuque, Iowa

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2010

EXHIBIT 1

	Component Units						
	Primary Government			Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries		
	Governmental Activities	Business-type Activities	Total				
ASSETS							
CURRENT ASSETS							
Cash and pooled cash investments	\$ 28,867,215	\$ 18,954,347	\$ 47,821,562	\$ 6,769,203	\$ 23,131,590		
Receivables							
Property tax							
Delinquent	433,397	-	433,397	-	-		
Succeeding year	19,878,962	-	19,878,962	-	-		
Accounts and other	2,520,811	2,375,236	4,896,047	202,430	65,770		
Special assessments	590,098	-	590,098	-	-		
Accrued interest	143,839	24,608	168,447	8,547	65,938		
Notes	569,521	-	569,521	-	66,944		
Intergovernmental	5,573,916	2,454,979	8,028,895	21,144	-		
Internal balances	232,479	(232,479)	-	-	-		
Inventories	838,241	461,750	1,299,991	-	133,347		
Prepaid items	25,980	501,059	527,039	2,212	-		
Total Current Assets	<u>59,674,459</u>	<u>24,539,500</u>	<u>84,213,959</u>	<u>7,003,536</u>	<u>23,463,589</u>		
NONCURRENT ASSETS							
Temporarily restricted cash and pooled cash investments	3,514,465	216,282	3,730,747	3,912,712	1,217,934		
Permanently restricted cash and pooled cash investments	69,412	-	69,412	-	-		
Notes receivable	10,196,454	-	10,196,454	-	22,331,913		
Capital assets							
Land	58,772,516	13,487,195	72,259,711	1,586,092	131,983		
Buildings	113,435,724	85,822,990	199,258,714	65,922	21,678,873		
Improvements other than buildings	15,535,320	68,523,151	84,058,471	6,364,906	32,816		
Machinery and equipment	32,454,175	56,277,467	88,731,642	2,820,938	-		
Infrastructure	192,517,528	-	192,517,528	-	-		
Construction in progress	17,586,988	6,509,164	24,096,152	190,878	5,034,388		
Accumulated depreciation	(94,732,593)	(82,227,415)	(176,960,008)	(6,709,479)	(521,338)		
Total Noncurrent Assets	<u>349,349,989</u>	<u>148,608,834</u>	<u>497,958,823</u>	<u>8,231,969</u>	<u>49,906,569</u>		
Total Assets	<u>409,024,448</u>	<u>173,148,334</u>	<u>582,172,782</u>	<u>15,235,505</u>	<u>73,370,158</u>		

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2010

EXHIBIT 1
(continued)

	Component Units						
	Primary Government			Dubuque Metropolitan Area Solid Waste Agency	Dubuque Initiatives and Subsidiaries		
	Governmental Activities	Business-type Activities	Total				
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	\$ 5,381,277	\$ 1,714,277	\$ 7,095,554	\$ 287,539	\$ 8,127,063		
Accrued payroll	1,255,293	277,490	1,532,783	34,278	-		
Loans payable	47,143	19,869	67,012	-	-		
Notes payable	126,973	304,081	431,054	-	9,797,991		
General obligation bonds payable	1,970,000	1,295,000	3,265,000	-	-		
Revenue bonds payable	-	70,000	70,000	-	-		
Tax increment financing bonds payable	774,204	-	774,204	-	-		
Accrued compensated absences	2,717,633	386,750	3,104,383	133,460	-		
Accrued interest payable	264,606	76,388	340,994	-	117,141		
Intergovernmental payable	14,081	-	14,081	54,693	-		
Unearned revenue							
Succeeding year property tax	19,878,962	-	19,878,962	-	-		
Other	341,134	-	341,134	-	-		
Total Current Liabilities	32,771,306	4,143,855	36,915,161	509,970	18,042,195		
NONCURRENT LIABILITIES							
Loans payable	235,714	352,109	587,823	-	450,000		
Notes payable	922,723	7,985,540	8,908,263	-	42,145,439		
General obligation bonds payable	25,917,864	22,662,802	48,580,666	-	-		
Revenue bonds payable	-	1,045,430	1,045,430	-	-		
Landfill closure and postclosure care	-	-	-	3,613,945	-		
Tax increment financing bonds payable	23,675,470	-	23,675,470	-	-		
Net OPEB liability	1,566,681	343,482	1,910,163	33,577	-		
Total Noncurrent Liabilities	52,318,452	32,389,363	84,707,815	3,647,522	42,595,439		
Total Liabilities	85,089,758	36,533,218	121,622,976	4,157,492	60,637,634		
NET ASSETS							
Invested in capital assets, net of related debt	309,126,684	124,805,513	433,932,197	4,319,257	-		
Restricted for/by							
Bond ordinance	2,351,738	129,642	2,481,380	-	-		
Debt service	75,688	-	75,688	-	-		
Employee benefits	36,147	-	36,147	-	-		
Community development	12,754,983	-	12,754,983	-	-		
Streets	1,271,419	-	1,271,419	-	-		
Capital projects	8,156,867	-	8,156,867	-	-		
Franchise/housing agreement	523,309	-	523,309	-	-		
Endowments							
Expendable	33,273	-	33,273	-	-		
Nonexpendable	69,412	-	69,412	-	-		
Other	791,482	-	791,482	-	-		
State statute	-	-	-	175,464	-		
Minority interest	-	-	-	1,494,407	-		
Unrestricted	(11,256,312)	11,679,961	423,649	5,088,885	12,732,524		
Total Net Assets	\$ 323,934,690	\$ 136,615,116	\$ 460,549,806	\$ 11,078,013	\$ 12,732,524		

CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
Public safety	\$ 22,067,988	\$ 2,348,064	\$ 869,364	\$ -
Public works	22,121,629	4,046,583	10,807,102	8,349,378
Health and social services	852,099	113,536	66,413	-
Culture and recreation	11,446,084	2,192,886	230,142	1,828,637
Community and economic development	15,422,099	857,607	8,774,801	267,507
General government	7,963,016	1,441,737	50,769	303,000
Interest on long-term debt	3,101,897	-	31,522	-
Total governmental activities	<u>82,974,812</u>	<u>11,000,413</u>	<u>20,830,113</u>	<u>10,748,522</u>
Business-type activities				
Sewage disposal works	6,631,326	5,893,730	-	2,032,043
Water utility	6,093,827	5,326,202	-	716,494
Stormwater utility	2,213,144	2,282,625	10,129	922,469
Parking facilities	4,003,776	2,399,843	80,121	129,576
America's River Project	423,158	7,000	381,668	-
Refuse collection	2,703,887	2,893,017	-	-
Transit system	2,832,066	273,433	1,180,359	-
Total business-type activities	<u>24,901,184</u>	<u>19,075,850</u>	<u>1,652,277</u>	<u>3,800,582</u>
Total primary government	<u>\$ 107,875,996</u>	<u>\$ 30,076,263</u>	<u>\$ 22,482,390</u>	<u>\$ 14,549,104</u>
Component units				
Dubuque Metropolitan Area Solid Waste Agency	\$ 3,668,115	\$ 2,773,919	\$ 7,635	\$ 31,125
Dubuque Initiatives and Subsidiaries	<u>3,871,480</u>	<u>1,527,341</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 7,539,595</u>	<u>\$ 4,301,260</u>	<u>\$ 7,635</u>	<u>\$ 31,125</u>
General revenues				
Property taxes				
Local option sales tax				
Hotel/motel tax				
Utility franchise fees				
Gaming				
Unrestricted investment earnings				
Gain on disposal of capital assets				
Other				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, ending of year				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets					
			Component Units		
Primary Government			Dubuque Metropolitan	Dubuque Initiatives	
Governmental Activities	Business-type Activities	Total	Area Solid Waste Agency	and Subsidiaries	
\$ (18,850,560)	\$ -	\$ (18,850,560)	\$ -	\$ -	\$ -
1,081,434	-	1,081,434	-	-	-
(672,150)	-	(672,150)	-	-	-
(7,194,419)	-	(7,194,419)	-	-	-
(5,522,184)	-	(5,522,184)	-	-	-
(6,167,510)	-	(6,167,510)	-	-	-
(3,070,375)	-	(3,070,375)	-	-	-
<u>(40,395,764)</u>	<u>-</u>	<u>(40,395,764)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,294,447	1,294,447	-	-	-
-	(51,131)	(51,131)	-	-	-
-	1,002,079	1,002,079	-	-	-
-	(1,394,236)	(1,394,236)	-	-	-
-	(34,490)	(34,490)	-	-	-
-	189,130	189,130	-	-	-
-	(1,378,274)	(1,378,274)	-	-	-
-	(372,475)	(372,475)	-	-	-
<u>(40,395,764)</u>	<u>(372,475)</u>	<u>(40,768,239)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(855,436)	-	-
-	-	-	-	(2,344,139)	-
-	-	-	(855,436)	(2,344,139)	-
24,876,073	-	24,876,073	-	-	-
8,112,471	-	8,112,471	-	-	-
1,678,806	-	1,678,806	-	-	-
1,591,712	-	1,591,712	-	-	-
8,209,761	-	8,209,761	-	-	-
1,339,709	294,562	1,634,271	65,938	777,668	
-	23,699	23,699	-	27,500	
880,930	-	880,930	-	96,457	
<u>(3,104,762)</u>	<u>3,104,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>43,584,700</u>	<u>3,423,023</u>	<u>47,007,723</u>	<u>65,938</u>	<u>901,625</u>	
3,188,936	3,050,548	6,239,484	(789,498)	(1,442,514)	
320,745,754	133,564,568	454,310,322	11,867,511	14,175,038	
<u>\$ 323,934,690</u>	<u>\$ 136,615,116</u>	<u>\$ 460,549,806</u>	<u>\$ 11,078,013</u>	<u>\$ 12,732,524</u>	

CITY OF DUBUQUE, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

EXHIBIT 3

	Special Revenue			Capital Projects		Other	
	General	Employee Benefits	Community Development	Street Construction	General Construction	Governmental Funds	Total
ASSETS							
Cash and pooled cash investments	\$ 13,077,168	\$ -	\$ 1,755,625	\$ 2,734,907	\$ 4,100,915	\$ 4,721,450	\$ 26,390,065
Receivables							
Property tax							
Delinquent	382,342	39,829	-	-	-	11,226	433,397
Succeeding year	17,127,333	2,226,832	-	-	-	524,797	19,878,962
Accounts and other	1,863,014	-	-	21,036	-	635,178	2,519,228
Special assessments	-	-	-	-	-	590,098	590,098
Accrued interest	45,609	-	36,689	7,227	752	47,557	137,834
Notes	218,869	-	10,546,011	-	-	1,095	10,765,975
Intergovernmental	2,458,442	-	184,313	1,944,595	134,668	847,338	5,569,356
Due from other funds	73,434	-	-	-	-	-	73,434
Inventories	173,423	-	-	-	-	613,943	787,366
Advances to other funds	160,717	-	-	-	-	-	160,717
Prepaid items	19,978	-	4,413	-	-	-	24,391
Restricted cash and pooled cash investments	-	-	-	-	1,100,822	2,483,055	3,583,877
Total Assets	<u>\$ 35,600,329</u>	<u>\$ 2,266,661</u>	<u>\$ 12,527,051</u>	<u>\$ 4,707,765</u>	<u>\$ 5,337,157</u>	<u>\$ 10,475,737</u>	<u>\$ 70,914,700</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 1,793,670	\$ -	\$ 42,611	\$ 457,848	\$ 1,248,448	\$ 434,944	\$ 3,977,521
Accrued payroll	1,070,282	-	30,103	-	-	106,912	1,207,297
Intergovernmental payable	-	-	-	-	-	14,081	14,081
Due to other funds	-	183	-	-	-	-	183
Deferred revenue							
Succeeding year property tax	17,127,333	2,226,832	-	-	-	524,797	19,878,962
Other	<u>1,786,579</u>	<u>3,499</u>	<u>-</u>	<u>1,555,577</u>	<u>-</u>	<u>1,208,610</u>	<u>4,554,265</u>
Total Liabilities	<u>21,777,864</u>	<u>2,230,514</u>	<u>72,714</u>	<u>2,013,425</u>	<u>1,248,448</u>	<u>2,289,344</u>	<u>29,632,309</u>
FUND BALANCES							
Reserved for/by							
Encumbrances	4,646,751	-	439,516	7,704,602	1,987,192	1,033,648	15,811,709
Long-term notes receivable	218,869	-	9,977,202	-	-	383	10,196,454
Advances	160,717	-	-	-	-	-	160,717
Inventory	173,423	-	-	-	-	613,943	787,366
Bond ordinance	-	-	-	-	-	2,351,738	2,351,738
Debt service	-	-	-	-	-	75,688	75,688
Franchise/housing agreements	-	-	-	-	-	151,332	151,332
Endowments	-	-	-	-	-	69,412	69,412
Unreserved							
Designated for							
Future equipment and capital maintenance	452,283	-	-	-	-	-	452,283
Future cash flow	5,687,725	-	-	-	-	-	5,687,725
Undesignated reported in							
General fund	2,482,697	-	-	-	-	-	2,482,697
Special revenue funds	-	36,147	2,037,619	-	-	1,937,256	4,011,022
Capital projects funds	-	-	-	(5,010,262)	2,101,517	1,919,720	(989,025)
Permanent funds	-	-	-	-	-	33,273	33,273
Total Fund Balances	<u>13,822,465</u>	<u>36,147</u>	<u>12,454,337</u>	<u>2,694,340</u>	<u>4,088,709</u>	<u>8,186,393</u>	<u>41,282,391</u>
Total Liabilities and Fund Balances	<u>\$ 35,600,329</u>	<u>\$ 2,266,661</u>	<u>\$ 12,527,051</u>	<u>\$ 4,707,765</u>	<u>\$ 5,337,157</u>	<u>\$ 10,475,737</u>	<u>\$ 70,914,700</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, 2010****EXHIBIT 3-1**

Total fund balances - governmental funds	\$ 41,282,391
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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	\$ 430,200,513
Accumulated depreciation	<u>(94,680,137)</u>
	335,520,376

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	31,296
Special assessments	547,880
Other	<u>3,633,955</u>
	4,213,131

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

1,137,803

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	(27,887,864)
Tax increment financing bonds	(24,449,674)
Notes payable	(1,049,696)
Loans payable	(282,857)
Accrued interest	(264,606)
Compensated absences	(2,717,633)
Net OPEB liability	<u>(1,566,681)</u>
	<u>(58,219,011)</u>

Net assets of governmental activities	<u>\$ 323,934,690</u>
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CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT 4

	Special Revenue		Capital Projects		Other		<u>Total</u>
	<u>General</u>	<u>Employee Benefits</u>	<u>Community Development</u>	<u>Street Construction</u>	<u>General Construction</u>	<u>Governmental Funds</u>	
REVENUES							
Taxes	\$ 24,366,552	\$ 1,767,057	\$ -	\$ 2,433,742	\$ -	\$ 7,684,805	\$ 36,252,156
Special assessments	-	-	-	-	-	318,178	318,178
Licenses and permits	1,115,472	-	-	-	-	-	1,115,472
Intergovernmental	7,231,970	-	3,225,237	5,464,888	594,791	10,793,738	27,310,624
Charges for services	7,918,950	-	-	-	-	144,334	8,063,284
Fines and forfeits	224,601	-	-	-	-	-	224,601
Investment earnings	632,101	-	133,545	26,607	74,612	481,750	1,348,615
Contributions	2,132,897	-	-	21,036	-	180,062	2,333,995
Gaming	8,209,761	-	-	-	-	-	8,209,761
Miscellaneous	1,259,546	-	104,072	988	646	746,582	2,111,834
Total Revenues	53,091,850	1,767,057	3,462,854	7,947,261	670,049	20,349,449	87,288,520
EXPENDITURES							
Current							
Public safety	21,844,942	-	-	-	-	134,787	21,979,729
Public works	13,216,926	-	99,979	-	-	5,934,720	19,251,625
Health and social services	701,620	-	85,867	-	-	26,122	813,609
Culture and recreation	14,719,329	-	133,118	-	-	57,070	14,909,517
Community and economic development	2,988,212	-	3,776,896	-	-	7,889,708	14,654,816
General government	5,757,496	183	-	-	-	610,629	6,368,308
Debt service	305,800	-	-	-	47,143	5,444,557	5,797,500
Capital projects	-	-	-	7,916,001	4,487,101	2,428,016	14,831,118
Total Expenditures	59,534,325	183	4,095,860	7,916,001	4,534,244	22,525,609	98,606,222
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,442,475)	1,766,874	(633,006)	31,260	(3,864,195)	(2,176,160)	(11,317,702)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	1,510,000	-	-	40,000	2,195,000	977,176	4,722,176
Discount on bonds	(14,182)	-	-	(402)	(14,087)	(3,319)	(31,990)
Premium on bonds	-	-	-	-	-	554,796	554,796
Issuance of refunding bonds	-	-	-	-	-	8,885,000	8,885,000
Refunded bonds redeemed	-	-	-	-	-	(9,405,000)	(9,405,000)
Transfers in	3,046,347	-	1,065,590	1,159,760	393,304	2,328,296	7,993,297
Transfers out	(3,410,717)	(1,756,235)	-	(145,387)	(1,110,761)	(4,139,037)	(10,562,137)
Sale of capital assets	62,610	-	-	-	-	-	62,610
Total Other Financing Sources (Uses)	1,194,058	(1,756,235)	1,065,590	1,053,971	1,463,456	(802,088)	2,218,752
NET CHANGE IN FUND BALANCES	(5,248,417)	10,639	432,584	1,085,231	(2,400,739)	(2,978,248)	(9,098,950)
FUND BALANCES, BEGINNING	19,070,882	25,508	12,021,753	1,609,109	6,489,448	11,164,641	50,381,341
FUND BALANCES, ENDING	\$ 13,822,465	\$ 36,147	\$ 12,454,337	\$ 2,694,340	\$ 4,088,709	\$ 8,186,393	\$ 41,282,391

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, 2010

EXHIBIT 4-1

Net change in fund balances - total governmental funds \$ (9,098,950)

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	\$ 23,675,353
Transfers of capital assets from enterprise funds	67,695
Transfers of capital assets to enterprise funds	(603,617)
Depreciation expense	<u>(7,963,129)</u>
	15,176,302

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.

(200,175)

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 by these amounts this year:

Property tax	(3,416)
Special assessments	87,930
Other	<u>1,895,481</u>
	1,979,995

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 and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt proceeds	(13,607,176)
Discounts and premiums on bonds issued	(522,806)
Debt repayments	<u>12,056,767</u>
	(2,073,215)

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	16,075
Amortization of bond discount/premium	27,763
Increase in compensated absences	(123,253)
Increase in net OPEB liability	<u>(842,952)</u>
Total additional expenses	(922,367)

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

(1,672,654)

Change in net assets of governmental activities

\$ 3,188,936

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	\$ 3,571,380	\$ 16,531	\$ 4,537,978	\$ 9,871,827
Receivables				
Accounts	867,999	767,936	314,847	84,687
Accrued interest	9,369	995	8,205	3,474
Intergovernmental	1,195,656	-	-	-
Inventories	-	436,315	-	-
Prepaid items	-	500,000	-	-
Total Current Assets	5,644,404	1,721,777	4,861,030	9,959,988
NONCURRENT ASSETS				
Restricted cash and pooled cash investments	-	129,642	-	86,640
Capital assets				
Land	167,855	59,898	11,835,370	1,388,072
Buildings	31,590,936	8,214,651	-	44,129,839
Improvements other than buildings	35,977,574	761,957	29,386,973	2,396,647
Machinery and equipment	10,625,180	38,185,608	925,265	1,222,091
Construction in progress	3,611,819	3,750	2,366,066	527,529
Accumulated depreciation	(39,376,206)	(20,277,152)	(8,713,255)	(8,657,985)
Net Capital Assets	42,597,158	26,948,712	35,800,419	41,006,193
Total Noncurrent Assets	42,597,158	27,078,354	35,800,419	41,092,833
Total Assets	48,241,562	28,800,131	40,661,449	51,052,821

Enterprise Funds			Governmental Activities-Internal Service Funds		
America's River Project	Other Enterprise Funds	Total			
\$ -	\$ 956,631	\$ 18,954,347	\$ 2,477,150		
-	339,767	2,375,236	1,583		
-	2,565	24,608	6,005		
264,620	994,703	2,454,979	4,560		
-	25,435	461,750	50,875		
-	1,059	501,059	1,589		
<u>264,620</u>	<u>2,320,160</u>	<u>24,771,979</u>	<u>2,541,762</u>		
<u>-</u>	<u>-</u>	<u>216,282</u>	<u>-</u>		
-	36,000	13,487,195	-		
-	1,887,564	85,822,990	-		
-	-	68,523,151	-		
-	5,319,323	56,277,467	101,738		
-	-	6,509,164	-		
-	(5,202,817)	(82,227,415)	(52,456)		
<u>-</u>	<u>2,040,070</u>	<u>148,392,552</u>	<u>49,282</u>		
<u>-</u>	<u>2,040,070</u>	<u>148,608,834</u>	<u>49,282</u>		
<u>264,620</u>	<u>4,360,230</u>	<u>173,380,813</u>	<u>2,591,044</u>		

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 426,312	\$ 710,241	\$ 201,674	\$ 314,053
Accrued payroll	64,908	69,777	7,844	26,368
Loans payable - current	-	-	-	19,869
General obligation bonds payable	110,000	165,000	475,000	545,000
Revenue bonds payable	-	70,000	-	-
Capital loan notes payable	130,945	37,777	135,359	-
Accrued compensated absences	98,985	114,205	4,942	24,066
Accrued interest payable	2,518	8,433	34,496	30,941
Due to other funds	-	-	-	-
Advances from other funds	-	160,717	-	-
Total Current Liabilities	833,668	1,336,150	859,315	960,297
NONCURRENT LIABILITIES				
Loans payable	-	-	-	352,109
General obligation bonds payable	736,774	1,119,426	9,617,322	11,189,280
Revenue bonds payable	-	1,045,430	-	-
Capital loan notes payable	3,852,926	880,983	3,251,631	-
Net OPEB liability	92,808	94,781	17,760	31,573
Total Noncurrent Liabilities	4,682,508	3,140,620	12,886,713	11,572,962
Total Liabilities	5,516,176	4,476,770	13,746,028	12,533,259
NET ASSETS				
Invested in capital assets, net of related debt	37,826,926	23,630,096	23,745,950	37,562,471
Restricted by bond ordinance	-	129,642	-	-
Unrestricted	4,898,460	563,623	3,169,471	957,091
Total Net Assets	\$ 42,725,386	\$ 24,323,361	\$ 26,915,421	\$ 38,519,562

See notes to financial statements.

Enterprise Funds				Governmental Activities-Internal Service Funds		
America's River Project	Other Enterprise Funds	Total				
\$ 20,098	\$ 41,899	\$ 1,714,277	\$ 1,403,756			
-	108,593	277,490	47,996			
-	-	19,869	-			
-	-	1,295,000	-			
-	-	70,000	-			
-	-	304,081	-			
-	144,552	386,750	-			
-	-	76,388	-			
65,297	6,465	71,762	1,489			
-	-	160,717	-			
<u>85,395</u>	<u>301,509</u>	<u>4,376,334</u>	<u>1,453,241</u>			
-	-	352,109	-			
-	-	22,662,802	-			
-	-	1,045,430	-			
-	-	7,985,540	-			
-	106,560	343,482	-			
-	106,560	32,389,363	-			
<u>85,395</u>	<u>408,069</u>	<u>36,765,697</u>	<u>1,453,241</u>			
-	2,040,070	124,805,513	49,282			
-	-	129,642	-			
<u>179,225</u>	<u>1,912,091</u>	<u>11,679,961</u>	<u>1,088,521</u>			
<u>\$ 179,225</u>	<u>\$ 3,952,161</u>	<u>\$ 136,615,116</u>	<u>\$ 1,137,803</u>			

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
OPERATING REVENUES				
Charges for sales and services	\$ 5,879,991	\$ 5,313,043	\$ 2,273,165	\$ 2,251,614
Other	<u>13,739</u>	<u>13,159</u>	<u>9,460</u>	<u>148,229</u>
Total Operating Revenues	<u><u>5,893,730</u></u>	<u><u>5,326,202</u></u>	<u><u>2,282,625</u></u>	<u><u>2,399,843</u></u>
OPERATING EXPENSES				
Employee expense	2,365,301	2,376,898	305,437	792,818
Utilities	596,322	581,967	60	141,672
Repairs and maintenance	370,567	157,044	7,497	67,383
Supplies and services	1,936,190	1,977,996	1,007,326	1,676,701
Insurance	62,550	59,120	-	38,340
Depreciation	<u>1,259,365</u>	<u>772,478</u>	<u>393,808</u>	<u>877,147</u>
Total Operating Expenses	<u><u>6,590,295</u></u>	<u><u>5,925,503</u></u>	<u><u>1,714,128</u></u>	<u><u>3,594,061</u></u>
OPERATING INCOME (LOSS)	<u><u>(696,565)</u></u>	<u><u>(599,301)</u></u>	<u><u>568,497</u></u>	<u><u>(1,194,218)</u></u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	1,899,492	396,045	208,129	80,121
Investment earnings	101,345	26,679	74,570	67,163
Contributions	-	4,469	39,825	129,576
Interest expense	(41,031)	(168,324)	(499,016)	(409,715)
Gain on disposal of assets	<u>21,634</u>	<u>166</u>	<u>-</u>	<u>-</u>
Net Nonoperating Revenues (Expenses)	<u><u>1,981,440</u></u>	<u><u>259,035</u></u>	<u><u>(176,492)</u></u>	<u><u>(132,855)</u></u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u><u>1,284,875</u></u>	<u><u>(340,266)</u></u>	<u><u>392,005</u></u>	<u><u>(1,327,073)</u></u>
CAPITAL CONTRIBUTIONS	<u><u>132,551</u></u>	<u><u>315,980</u></u>	<u><u>684,644</u></u>	<u><u>603,617</u></u>
TRANSFERS IN	<u><u>81,775</u></u>	<u><u>-</u></u>	<u><u>138,101</u></u>	<u><u>843,676</u></u>
TRANSFERS OUT	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(67,695)</u></u>	<u><u>-</u></u>
CHANGE IN NET ASSETS	<u><u>1,499,201</u></u>	<u><u>(24,286)</u></u>	<u><u>1,147,055</u></u>	<u><u>120,220</u></u>
NET ASSETS, BEGINNING	<u><u>41,226,185</u></u>	<u><u>24,347,647</u></u>	<u><u>25,768,366</u></u>	<u><u>38,399,342</u></u>
NET ASSETS, ENDING	<u><u>\$ 42,725,386</u></u>	<u><u>\$ 24,323,361</u></u>	<u><u>\$ 26,915,421</u></u>	<u><u>\$ 38,519,562</u></u>

See notes to financial statements.

Enterprise Funds			Governmental	
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds	
\$ -	\$ 3,073,475	\$ 18,791,288	\$ 8,898,696	
7,000	92,975	284,562	134,429	
<u>7,000</u>	<u>3,166,450</u>	<u>19,075,850</u>	<u>9,033,125</u>	
19,511	3,019,699	8,879,664	2,262,432	
-	69,323	1,389,344	20,652	
-	804,462	1,406,953	20,214	
403,647	1,184,236	8,186,096	7,768,709	
-	75,126	235,136	699,235	
-	383,107	3,685,905	8,680	
<u>423,158</u>	<u>5,535,953</u>	<u>23,783,098</u>	<u>10,779,922</u>	
(416,158)	(2,369,503)	(4,707,248)	(1,746,797)	
381,668	1,180,359	4,145,814	-	
-	24,805	294,562	70,481	
-	-	173,870	-	
-	-	(1,118,086)	-	
-	1,899	23,699	3,662	
<u>381,668</u>	<u>1,207,063</u>	<u>3,519,859</u>	<u>74,143</u>	
(34,490)	(1,162,440)	(1,187,389)	(1,672,654)	
-	-	1,736,792	-	
160,274	1,345,014	2,568,840	-	
-	-	(67,695)	-	
125,784	182,574	3,050,548	(1,672,654)	
<u>53,441</u>	<u>3,769,587</u>	<u>133,564,568</u>	<u>2,810,457</u>	
<u>\$ 179,225</u>	<u>\$ 3,952,161</u>	<u>\$ 136,615,116</u>	<u>\$ 1,137,803</u>	

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 6,055,826	\$ 5,364,712	\$ 2,266,377	\$ 2,229,262
Cash payments to suppliers for goods and services	(3,279,943)	(2,736,245)	(966,725)	(1,649,384)
Cash payments to employees for services	(2,315,624)	(2,320,791)	(292,916)	(769,437)
Other operating receipts	<u>13,739</u>	<u>13,159</u>	<u>9,460</u>	<u>148,229</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>473,998</u>	<u>320,835</u>	<u>1,016,196</u>	<u>(41,330)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	81,775	-	138,101	843,676
Transfers to other funds	-	-	(67,695)	-
Proceeds from interfund balances	-	-	-	-
Payment of interfund balances	-	(48,087)	-	-
Intergovernmental grant proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>81,775</u>	<u>(48,087)</u>	<u>70,406</u>	<u>843,676</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	21,634	166	-	-
Acquisition and construction of capital assets	(5,798,789)	(2,471,560)	(2,095,189)	(650,448)
Proceeds from issuance of debt	3,034,981	123,675	2,480,887	9,310,000
Payment of debt	(105,000)	(264,000)	(490,000)	(483,911)
Interest paid	(40,422)	(168,171)	(493,494)	(437,973)
Contributions	-	4,469	145,975	129,576
Intergovernmental grant proceeds	<u>703,836</u>	<u>396,045</u>	<u>208,129</u>	<u>80,121</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,183,760)</u>	<u>(2,379,376)</u>	<u>(243,692)</u>	<u>7,947,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>114,205</u>	<u>35,224</u>	<u>79,505</u>	<u>70,189</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,513,782)</u>	<u>(2,071,404)</u>	<u>922,415</u>	<u>8,819,900</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>5,085,162</u>	<u>2,217,577</u>	<u>3,615,563</u>	<u>1,138,567</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 3,571,380</u>	<u>\$ 146,173</u>	<u>\$ 4,537,978</u>	<u>\$ 9,958,467</u>

Enterprise Funds			Governmental	
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds	
\$ -	\$ 3,076,436	\$ 18,992,613	\$ 9,061,493	
(384,473)	(2,148,701)	(11,165,471)	(8,613,561)	
(19,511)	(2,955,914)	(8,674,193)	(2,257,797)	
7,000	92,975	284,562	134,429	
(396,984)	(1,935,204)	(562,489)	(1,675,436)	
160,274	1,345,014	2,568,840	-	
-	-	(67,695)	-	
65,297	-	65,297	1,173	
-	(165,988)	(214,075)	(1,655)	
-	1,110,950	1,110,950	-	
225,571	2,289,976	3,463,317	(482)	
-	1,899	23,699	3,662	
-	(295,040)	(11,311,026)	(13,548)	
-	-	14,949,543	-	
-	-	(1,342,911)	-	
-	-	(1,140,060)	-	
-	-	280,020	-	
117,048	-	1,505,179	-	
117,048	(293,141)	2,964,444	(9,886)	
-	26,170	325,293	80,299	
(54,365)	87,801	6,190,565	(1,605,505)	
54,365	868,830	12,980,064	4,082,655	
\$ -	\$ 956,631	\$ 19,170,629	\$ 2,477,150	

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (696,565)	\$ (599,301)	\$ 568,497	\$ (1,194,218)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	1,259,365	772,478	393,808	877,147
Change in assets and liabilities				
(Increase) decrease in receivables	175,835	51,669	(6,788)	(22,352)
(Increase) decrease in inventories and prepaid items	-	(471,312)	-	-
Increase (decrease) in accounts payable	(314,314)	511,194	48,158	274,712
Increase in accrued liabilities	5,976	11,435	3,781	7,843
Increase in net OPEB liability	43,701	44,672	8,740	15,538
Total Adjustments	<u>1,170,563</u>	<u>920,136</u>	<u>447,699</u>	<u>1,152,888</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 473,998</u>	<u>\$ 320,835</u>	<u>\$ 1,016,196</u>	<u>\$ (41,330)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets from other funds and outside sources	<u>\$ 132,551</u>	<u>\$ 315,980</u>	<u>\$ 684,644</u>	<u>\$ 603,617</u>
Contributions of capital assets to Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,695</u>	<u>\$ -</u>

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Governmental</u>
<u>America's</u>	<u>Other</u>	<u>Total</u>	<u>Activities-</u>
<u>River</u>	<u>Enterprise</u>		<u>Internal</u>
<u>Project</u>	<u>Funds</u>		<u>Service Funds</u>

\$ (416,158) \$ (2,369,503) \$ (4,707,248) \$ (1,746,797)

-	383,107	3,685,905	8,680
-	2,961	201,325	158,237
-	(2,940)	(474,252)	(7,199)
19,174	(12,614)	526,310	(92,992)
-	11,343	40,378	4,635
-	52,442	165,093	-
<u>19,174</u>	<u>434,299</u>	<u>4,144,759</u>	<u>71,361</u>

\$ (396,984) \$ (1,935,204) \$ (562,489) \$ (1,675,436)

\$ - \$ - \$ 1,736,792 \$ -

\$ - \$ - \$ 67,695 \$ -

CITY OF DUBUQUE, IOWA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

EXHIBIT 8

	<u>Agency Funds</u>
ASSETS	
Cash and pooled cash investments	\$ 1,099,775
Accounts receivable	5,700
Accrued interest	<u>2,510</u>
 Total Assets	 <u>\$ 1,107,985</u>
LIABILITIES	
Accounts payable	\$ 14,988
Due to other agency	<u>1,092,997</u>
 Total Liabilities	 <u>\$ 1,107,985</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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. Notes Receivable
5. Interfund Balances and Transfers
6. Capital Assets
7. Long-Term Debt
8. Risk Management
9. Commitments and Contingent Liabilities
10. Other Postemployment Benefits (OPEB)
11. Employee Retirement Systems
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, 2010

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 units, entities for which the City is considered to be financially accountable. The City has no blended component units. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City.

Discretely Presented Component Units

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 purpose of the Agency 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 and has a June 30 year end.

Dubuque Initiatives and Subsidiaries is a non-profit corporation organized under the laws of Iowa and Section 501(c)(3) of the Internal Revenue Code. The Organization was created to render service to the City Council of the City of Dubuque, Iowa, on matters of community interest. The Organization's articles require that its board members include two city council members, the mayor, and the city manager of the City of Dubuque, Iowa; and in the event of dissolution, any assets or property of the Organization be transferred to the City of Dubuque, Iowa. During the fiscal year 2009, the City of Dubuque, Iowa guaranteed debt issued by Dubuque Initiatives and Subsidiaries for the rehabilitation of the Roshek Building. The Organization is presented as a proprietary fund type. The Organization changed its year end from June 30 to December 31 on December 31, 2009. Consequently, the information reported in the government-wide financial statements are as of December 31, 2009 and for the six months then ended.

Complete financial statements for the Component Units may be obtained from the City of Dubuque's Finance Department for the Dubuque Metropolitan Area Solid Waste Agency and Economic Development Office for Dubuque Initiatives and Subsidiaries.

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

Jointly Governed Organizations

The City 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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 units. 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 units* for which the primary government is financially accountable.

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 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 (year-end). 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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.

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

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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

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

When both restricted and unrestricted resources are available for use, it is the 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, pooled cash investments, 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 year-end 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.

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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 taxes collected by the County but not remitted to the City at June 30, 2010, and unpaid taxes. The delinquent year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2010, and unpaid taxes. 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.

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 City.

Inventories and Prepaid Items

Inventories included in the governmental funds are valued at cost using the first-in first-out (FIFO) method. 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 method.

Inventories included in internal service funds are stated at the lower of cost (FIFO method) 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. The costs of governmental fund prepaids are recorded as expenditures when consumed rather than when purchased.

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 and capital project funds are classified as restricted assets because their use is limited by debt agreements, the City's cable television franchise agreement and Iowa Finance Authority housing program 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
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Capital Assets

Capital assets, which include property, plant, equipment, intangibles, 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 and intangible 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 not adding to the value of the asset or materially extending asset 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 units, are 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 and intangibles	15 to 75

Compensated Absences

The City allows employees to accumulate a limited amount of 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.

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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 governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or 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, 2010, disbursements exceeded the amounts budgeted in the community and economic development function.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the financial statements and the notes thereto.

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit net asset amounts as of June 30, 2010:

Internal Service		
General Service		\$ 18,559
Workers' Compensation Reserve		\$ 853,783

The General Service deficit will be addressed during next fiscal year's reallocation of expenses. The Worker's Compensation Reserve deficit is a result of a number of projected settlements at fiscal year-end that will be paid during next fiscal year with additional funding to cover.

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 \$10,346 for the City and \$450 for the Dubuque Metropolitan Area Solid Waste Agency.

Deposits. At year-end, the City's carrying amount of deposits was \$23,766,207, and the bank balance was \$25,811,986. The City's deposits in banks at June 30, 2010, 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.

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The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was \$10,681,465, and the bank balance was \$11,003,431. The Agency's deposits in banks at June 30, 2010, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

Investments. As of June 30, 2010, the City had the following investments and maturities. (The City assumes callable bonds will not be called):

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>					<u>Total</u>
	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>		
Money Market Funds –						
U.S. Treasury	\$ 3,332,518	\$ -	\$ -	\$ -	\$ -	\$ 3,332,518
U.S. Treasury Securities	4,186,125	3,058,431	1,051,277	2,329,519		10,625,352
Federal Agency Obligations	2,624,975	3,750,488	2,152,810	6,401,921		14,930,194
Corporate Stock	<u>56,879</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>56,879</u>
	<u>\$ 10,200,497</u>	<u>\$ 6,808,919</u>	<u>\$ 3,204,087</u>	<u>\$ 8,731,440</u>		<u>\$ 28,944,943</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 investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to 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. The City's investments in U.S. Treasury Money Market Funds and Federal Agency Obligations were rated AAA.

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.

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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.

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, 2010.

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	\$ 10,346
Carrying amount of deposits	23,766,207
Carrying amount of investments	<u>28,944,943</u>
 Total	 <u>\$ 52,721,496</u>
 Government-wide	
Cash and pooled cash investments	\$ 47,821,562
Cash and pooled cash investments – temporarily restricted	3,730,747
Cash and pooled cash investments – permanently restricted	69,412
 Fiduciary	
Cash and pooled cash investments	<u>1,099,775</u>
 Total	 <u>\$ 52,721,496</u>

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

Cash on hand	\$ 450
Carrying amount of deposits	<u>10,681,465</u>
 Total	 <u>\$ 10,681,915</u>
 Cash and pooled cash investments	 \$ 6,769,203
Cash and pooled cash investments – temporarily restricted	<u>3,912,712</u>
 Total	 <u>\$ 10,681,915</u>

CITY OF DUBUQUE, IOWA
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Dubuque Initiatives and Subsidiaries. At December 31, 2009, Dubuque Initiatives and Subsidiaries had the following cash and investments:

Deposits	\$ 22,790,567
Repurchase agreement	624,434
Beneficial interest in assets held by others	<u>934,523</u>
 Total	 <u>\$ 24,349,524</u>

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

Cash and pooled cash investments	\$ 23,131,590
Cash and pooled cash investments – temporarily restricted	<u>1,217,934</u>
 Total	 <u>\$ 24,349,524</u>

NOTE 4 – NOTES RECEIVABLE

At December 30, 2009, Dubuque Initiatives and Subsidiaries had the following notes receivable:

Grand River Development, LLC, 5.50%, unsecured, matures May 2017	\$ 309,860
Lower Main Development, 4.00%, unsecured, matures August 2018	124,645
City of Dubuque, 5.00%, unsecured, matures July 2023	371,977
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	6,500,000
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	9,797,991
Roshek Building Investment Fund, LLC, 4.74%, collateralized by a pledge agreement, matures June 2039	<u>5,294,384</u>
 Total notes receivable	 22,398,857
Less: current maturities	<u>(66,944)</u>
 Noncurrent portion	 <u>\$ 22,331,913</u>

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2010, 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 employee benefits fund (\$183), America's River Project (\$65,297), nonmajor enterprise funds (\$6,465) and the internal service funds (\$1,489) for deficit pooled cash balances. Advances to/from other fund balance of \$160,717 represent amounts due to the general fund from the water utility fund for a construction loan.

CITY OF DUBUQUE, IOWA
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Interfund transfers for the year ended June 30, 2010, consisted of the following:

	Transfer from						Nonmajor Governmental Funds	Total
	General	Employee Benefits	Street Construction	General Construction				
Transfer to								
General	\$ -	\$ 1,756,235	\$ 99,638	\$ -	\$ 1,190,474	\$ 3,046,347		
Community development	-	-	-	300,000	765,590	1,065,590		
Street construction	364,812	-	-	-	794,948	1,159,760		
General construction	189,677	-	-	-	203,627	393,304		
Nonmajor governmental	1,230,919	-	45,749	6,546	1,045,082	2,328,296		
Sewage disposal works	21,502	-	-	-	60,273	81,775		
Stormwater utility	123,380	-	-	-	14,721	138,101		
Parking facilities	-	-	-	804,215	39,461	843,676		
America's River Project	160,274	-	-	-	-	160,274		
Nonmajor enterprise	<u>1,320,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,861</u>	<u>1,345,014</u>		
	<u>\$ 3,410,717</u>	<u>\$ 1,756,235</u>	<u>\$ 145,387</u>	<u>\$ 1,110,761</u>	<u>\$ 4,139,037</u>	<u>10,562,137</u>		
							Transfer to governmental activities capital assets from enterprise funds	<u>67,695</u>
								<u>\$ 10,629,832</u>

In the fund financial statements, total transfers out of \$10,629,832 are greater than total transfers in of \$10,562,137 because of the treatment of transfers of capital assets to the governmental activities capital assets. During the year, capital assets related to street construction with a book value of \$67,695 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, the Stormwater Utility did report transfers 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.

Transfers from governmental activities to the business-type activities on the statement of activities includes the transfer of the Port of Dubuque Parking Facility in the amount of \$603,617. This transaction is reported as a capital contribution in the Parking Facilities Proprietary Fund.

CITY OF DUBUQUE, IOWA
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JUNE 30, 2010

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, 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	\$ 58,392,908	\$ -	\$ -	\$ 379,608	\$ -	\$ 58,772,516
Construction in progress	<u>6,138,618</u>	<u>-</u>	<u>-</u>	<u>20,852,239</u>	<u>(9,403,869)</u>	<u>17,586,988</u>
Total capital assets, not being depreciated	<u>64,531,526</u>	<u>-</u>	<u>-</u>	<u>21,231,847</u>	<u>(9,403,869)</u>	<u>76,359,504</u>
Capital assets, being depreciated:						
Buildings	109,118,439	-	(603,617)	5,044,902	(124,000)	113,435,724
Improvements other than buildings	15,535,320	-	-	-	-	15,535,320
Machinery and equipment	31,100,111	81,836	(14,141)	2,792,113	(1,505,744)	32,454,175
Infrastructure	<u>188,493,620</u>	<u>-</u>	<u>-</u>	<u>4,023,908</u>	<u>-</u>	<u>192,517,528</u>
Total capital assets, being depreciated	<u>344,247,490</u>	<u>81,836</u>	<u>(617,758)</u>	<u>11,860,923</u>	<u>(1,629,744)</u>	<u>353,942,747</u>
Less accumulated depreciation for:						
Buildings	(23,932,773)	-	-	(1,842,657)	124,000	(25,651,430)
Improvements other than buildings	(5,540,700)	-	-	(497,512)	-	(6,038,212)
Machinery and equipment	(13,286,160)	(11,784)	11,784	(3,903,626)	1,305,569	(15,884,217)
Infrastructure	<u>(45,430,720)</u>	<u>-</u>	<u>-</u>	<u>(1,728,014)</u>	<u>-</u>	<u>(47,158,734)</u>
Total accumulated depreciation	<u>(88,190,353)</u>	<u>(11,784)</u>	<u>11,784</u>	<u>(7,971,809)</u>	<u>1,429,569</u>	<u>(94,732,593)</u>
Total capital assets, being depreciated, net	<u>256,057,137</u>	<u>70,052</u>	<u>(605,974)</u>	<u>3,889,114</u>	<u>(200,175)</u>	<u>259,210,154</u>
Governmental activities capital assets, net	<u>\$ 320,588,663</u>	<u>\$ 70,052</u>	<u>\$ (605,974)</u>	<u>\$ 25,120,961</u>	<u>\$ (9,604,044)</u>	<u>\$ 335,569,658</u>

Business-type activities:

	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:						
Land	\$ 6,227,014	\$ -	\$ -	\$ 7,260,181	\$ -	\$ 13,487,195
Construction in progress	<u>9,558,839</u>	<u>-</u>	<u>(67,695)</u>	<u>10,527,361</u>	<u>(13,509,341)</u>	<u>6,509,164</u>
Total capital assets, not being depreciated	<u>15,785,853</u>	<u>-</u>	<u>(67,695)</u>	<u>17,787,542</u>	<u>(13,509,341)</u>	<u>19,996,359</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>
Capital assets, being depreciated:						
Buildings	\$ 85,114,689	\$ 603,617	\$ -	\$ 104,684	\$ -	\$ 85,822,990
Improvements other than buildings	63,968,022	-	-	4,555,129	-	68,523,151
Machinery and equipment	<u>52,962,217</u>	<u>-</u>	<u>-</u>	<u>3,573,882</u>	<u>(258,632)</u>	<u>56,277,467</u>
Total capital assets, being depreciated	<u>202,044,928</u>	<u>603,617</u>	<u>-</u>	<u>8,233,695</u>	<u>(258,632)</u>	<u>210,623,608</u>
Less accumulated depreciation for:						
Buildings	(38,904,839)	-	-	(1,288,533)	-	(40,193,372)
Improvements other than buildings	(18,089,731)	-	-	(1,161,799)	-	(19,251,530)
Machinery and equipment	<u>(21,805,572)</u>	<u>-</u>	<u>-</u>	<u>(1,235,573)</u>	<u>258,632</u>	<u>(22,782,513)</u>
Total accumulated depreciation	<u>(78,800,142)</u>	<u>-</u>	<u>-</u>	<u>(3,685,905)</u>	<u>258,632</u>	<u>(82,227,415)</u>
Total capital assets, being depreciated, net	<u>123,244,786</u>	<u>603,617</u>	<u>-</u>	<u>4,547,790</u>	<u>-</u>	<u>128,396,193</u>
Business-type activities capital assets, net	<u>\$ 139,030,639</u>	<u>\$ 603,617</u>	<u>\$ (67,695)</u>	<u>\$ 22,335,332</u>	<u>\$ (13,509,341)</u>	<u>\$ 148,392,552</u>

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

Governmental activities:

Public safety	\$ 954,714
Public works	4,841,096
Health and social services	7,220
Culture and recreation	1,704,328
Community and economic development	40,957
General government	414,814
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	8,680
Total depreciation expense – governmental activities	<u>\$ 7,971,809</u>

Business-type activities:

Sewage disposal works	\$ 1,259,365
Water utility	772,478
Stormwater utility	393,808
Parking facilities	877,147
Refuse collection	74,387
Transit system	308,720
Total depreciation expense – business-type activities	<u>\$ 3,685,905</u>

CITY OF DUBUQUE, IOWA
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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
Construction in progress	<u>-</u>	<u>190,878</u>	<u>-</u>	<u>190,878</u>
Total capital assets, not being depreciated	<u>1,586,092</u>	<u>190,878</u>	<u>-</u>	<u>\$ 1,776,970</u>
Capital assets, being depreciated:				
Buildings	65,922	-	-	65,922
Improvements other than buildings	7,468,652	-	(1,103,746)	6,364,906
Machinery and equipment	<u>2,780,821</u>	<u>61,900</u>	<u>(21,783)</u>	<u>2,820,938</u>
Total capital assets, being depreciated	<u>10,315,395</u>	<u>61,900</u>	<u>(1,125,529)</u>	<u>9,251,766</u>
Less accumulated depreciation for:				
Buildings	(46,506)	(719)	-	(47,225)
Improvements other than buildings	(6,005,260)	(435,385)	1,103,746	(5,336,899)
Machinery and equipment	<u>(1,019,014)</u>	<u>(328,124)</u>	<u>21,783</u>	<u>(1,325,355)</u>
Total accumulated depreciation	<u>(7,070,780)</u>	<u>(764,228)</u>	<u>1,125,529</u>	<u>(6,709,479)</u>
Total capital assets, being depreciated, net	<u>3,244,615</u>	<u>(702,328)</u>	<u>-</u>	<u>2,542,287</u>
Dubuque Metropolitan Area Solid Waste Agency capital assets, net	<u>\$ 4,830,707</u>	<u>\$ (511,450)</u>	<u>\$ -</u>	<u>\$ 4,319,257</u>

Depreciation expense of \$764,228 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

NOTE 7 – LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$36,225,000.

During Fiscal Year 2010, the City issued \$8,885,000 to current refund two outstanding issuances. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$1,080,778 and a reduction of \$1,279,349 in future debt service payments.

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, 2010, are as follows:

CITY OF DUBUQUE, IOWA
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<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding End of Year</u>
Corporate purpose	03/26/02	06/01/03-06/01/21	4.20-5.00%	\$ 1,000,000	\$ 690,000
Corporate purpose and refunding	12/03/02	06/01/03-06/01/17	3.65-4.30	3,105,000	1,285,000
Corporate purpose	10/15/03	06/01/04-06/01/23	3.40-4.75	2,110,000	1,510,000
Corporate purpose	04/18/05	06/01/06-06/01/24	3.40-5.00	9,015,000	6,980,000
Corporate purpose	04/03/06	06/01/07-06/01/25	3.80-4.20	2,900,000	2,480,000
Corporate purpose	04/03/06	06/01/07-06/01/21	3.70-4.20	910,000	725,000
Refunding	04/03/06	06/01/10-06/01/20	3.70-4.10	3,525,000	3,360,000
Corporate purpose and refunding	12/01/07	06/01/10-06/01/17	3.75	2,965,000	2,645,000
Corporate purpose	12/01/07	06/01/09-06/01/17	3.45-3.65	1,055,000	850,000
Corporate purpose	11/04/08	06/01/09-06/01/28	3.75-4.80	3,885,000	3,645,000
Corporate purpose	11/04/08	06/01/09-06/01/23	3.75-4.25	3,290,000	2,980,000
Corporate purpose (taxable)	11/04/08	06/01/09-06/01/18	5.25-5.50	2,465,000	2,260,000
Corporate purpose (taxable)	11/10/09	06/01/11-06/01/29	1.90-5.60	2,935,000	2,935,000
Corporate purpose (taxable)	11/10/09	06/01/11-06/01/29	1.50-5.50	11,175,000	11,175,000
Refunding	11/10/09	06/01/10-06/01/21	2.00-4.00	<u>8,885,000</u>	<u>8,245,000</u>
				<u>\$ 59,220,000</u>	<u>\$ 51,765,000</u>

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

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,970,000	\$ 1,124,206	\$ 1,295,000	\$ 1,026,507
2012	2,059,018	1,060,570	1,290,982	989,010
2013	2,087,589	990,470	1,347,411	947,174
2014	2,352,589	913,866	1,392,411	902,269
2015	2,447,054	822,049	1,437,946	851,736
2016-2020	12,208,750	2,524,675	7,701,250	3,379,974
2021-2025	3,450,000	558,626	6,120,000	1,805,219
2026-2029	<u>965,000</u>	<u>134,282</u>	<u>3,640,000</u>	<u>469,167</u>
Total	<u>\$ 27,540,000</u>	<u>\$ 8,128,744</u>	<u>\$ 24,225,000</u>	<u>\$ 10,371,056</u>

Tax Increment Financing Bonds. The City issues tax increment financing bonds to provide funds for urban renewal projects. The City pledges property tax revenues from the tax increment financing districts to pay debt service. These bonds are generally 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 \$27,593,538. Tax increment financing bonds outstanding at June 30, 2010, are as follows:

CITY OF DUBUQUE, IOWA
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	<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	\$ 46,333
Cartograph Systems	12/01/99	12/31/01-12/31/10	8.8	360,000	9,905
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1	3,168,538	877,281
Vessel Systems	12/30/03	12/30/05-06/30/15	8.0	140,000	83,521
Diamond Jo Parking Ramp	10/16/07	06/01/11-06/01/37	7.5	23,025,000	23,025,000
40 Main LLC	08/06/09	06/01/11-06/01/37	6.5	<u>647,176</u>	<u>647,176</u>
				<u>\$ 28,240,714</u>	<u>\$ 24,689,216</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>
2011	\$ 774,204	\$ 1,848,552
2012	829,649	1,787,053
2013	400,725	1,727,917
2014	430,605	1,698,288
2015	460,957	1,666,234
2016-2020	2,760,607	7,783,688
2021-2025	3,467,469	6,647,279
2026-2030	4,910,000	5,153,625
2031-2035	7,045,000	3,014,625
2036-2037	<u>3,610,000</u>	<u>411,000</u>
Total	<u>\$ 24,689,216</u>	<u>\$ 31,738,261</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 are generally issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Revenue bonds outstanding at June 30, 2010, 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>
Water utility	11/04/08	06/01/10-06/01/23	3.00-5.00	<u>\$ 1,195,000</u>	<u>\$ 1,125,000</u>

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

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2011	\$ 70,000	\$ 49,608
2012	70,000	47,333
2013	75,000	44,883
2014	75,000	42,070
2015	80,000	39,070
2016-2020	440,000	141,133
2021-2023	315,000	31,795
Total	\$ 1,125,000	\$ 395,892

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, 2010, are as follows:

	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Adams Company Lower Main Development	02/13/04	06/01/05-06/01/15	4.07%	\$ 500,000	\$ 227,273
Theisen Supply	06/30/04 11/22/06	12/31/06-06/30/16 12/31/08-06/30/18	8.00 8.25	182,000 810,323	125,129 697,294
				\$ 1,492,323	\$ 1,049,696

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2011	\$ 126,973	\$ 75,044
2012	133,792	66,374
2013	141,183	55,284
2014	149,191	45,425
2015	157,870	35,822
2016-2018	340,687	48,368
Total	\$ 1,049,696	\$ 326,317

Capital Loan Notes. Revenue capital loan notes have been issued for the planning and construction of sewer, stormwater, and water capital projects through the State of Iowa State Revolving Loan Funds. The City has pledged income derived from the acquired or constructed assets to pay debt service. During 2010, the City received \$823,045 in forgivable capital loan notes not reflected in the following amounts.

CITY OF DUBUQUE, IOWA
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<u>Planning</u>	<u>Date Authorized</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Authorized</u>	<u>Amount Outstanding End of Year</u>
Upper Bee Branch Storm Project	12/28/06	06/01/30	3.25%	\$ 1,657,821	\$ 1,268,820
Water Pollution Control Plant Study	12/28/06	06/01/30	3.25	95,500	95,500
Water Pollution Control Plant Design	03/11/09	06/01/30	3.25	3,200,000	3,200,000
Clean Water	01/14/09	06/01/28	3.25	1,847,000	1,699,000
Drinking Water	10/18/07	06/01/28	3.25	1,037,000	842,000
North Catfish Creek Stromwater	01/13/09	06/01/30	3.25	800,000	419,170
North Catfish Creek Sewer	01/13/09	06/01/30	3.25	912,000	688,371
Water Meter Replacement	02/12/10	06/01/30	3.25	<u>7,676,000</u>	<u>76,760</u>
				<u>\$ 17,225,321</u>	<u>\$ 8,289,621</u>

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

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 304,081	\$ 267,734
2012	323,806	257,477
2013	333,844	246,896
2014	346,112	235,988
2015	357,619	224,679
2016-2020	1,969,590	940,440
2021-2025	2,311,779	599,941
2026-2030	<u>2,342,790</u>	<u>199,781</u>
Total	<u>\$ 8,289,621</u>	<u>\$ 2,972,936</u>

At June 30, 2010, the City of Dubuque had \$9,119,894 of capital loan note funds available, which includes forgivable proceeds of \$603,955. These funds are available to the City by filing a disbursement request with the State of Iowa. The City expects to use the remaining available funds in fiscal year 2011.

Loans Payable. Loans payable have been issued to fund several City projects.

<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 Lot Purchase	07/08/08	01/01/09-07/01/23	5%	\$ 400,000	\$ 371,978
Building Purchase Agreement	02/01/10	02/01/10-02/01/16	0	<u>330,000</u>	<u>282,857</u>
				<u>\$ 730,000</u>	<u>\$ 654,835</u>

CITY OF DUBUQUE, IOWA
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Annual debt service requirements to maturity for loans payable are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 47,143	-	\$ 19,869	\$ 18,354
2012	47,143	-	20,874	17,348
2013	47,143	-	21,931	16,291
2014	47,143	-	23,041	15,181
2015	47,143	-	24,208	14,014
2016-2020	47,142	-	140,711	50,400
2021-2024	-	-	121,344	12,434
Total	<u>\$ 282,857</u>	<u>\$ -</u>	<u>\$ 371,978</u>	<u>\$ 144,022</u>

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation					
bonds	\$ 26,080,000	\$ 12,530,000	\$(11,070,000)	\$ 27,540,000	\$ 1,970,000
Less:					
Unamortized discounts	(78,789)	(54,534)	10,011	(123,312)	-
Deferred amount on refunding	<u>(59,518)</u>	<u>554,796</u>	<u>(24,102)</u>	<u>471,176</u>	<u>-</u>
Total general obligation bonds	<u>25,941,693</u>	<u>13,030,262</u>	<u>(11,084,091)</u>	<u>27,887,864</u>	<u>1,970,000</u>
Tax increment financing					
bonds	24,611,676	647,176	(569,636)	24,689,216	774,204
Less:					
Unamortized discounts	(248,414)	-	8,872	(239,542)	-
Total tax increment financing bonds	<u>24,363,262</u>	<u>647,176</u>	<u>(560,764)</u>	<u>24,449,674</u>	<u>774,204</u>
Notes payable	1,169,684	-	(119,988)	1,049,696	126,973
Loans payable	150,000	430,000	(297,143)	282,857	47,143
Compensated absences	2,594,380	2,374,573	(2,251,320)	2,717,633	2,717,633
Net OPEB liability	<u>723,729</u>	<u>842,952</u>	<u>-</u>	<u>1,566,681</u>	<u>-</u>
	<u><u>\$ 54,942,748</u></u>	<u><u>\$ 17,324,963</u></u>	<u><u>\$(14,313,306)</u></u>	<u><u>\$ 57,954,405</u></u>	<u><u>\$ 5,635,953</u></u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
General obligation					
bonds	\$ 14,655,000	\$ 10,465,000	\$ (895,000)	\$ 24,225,000	\$ 1,295,000
Less:					
Unamortized discounts	(108,114)	(80,223)	10,335	(178,002)	-
Deferred amount on refunding	<u>(98,116)</u>	<u>-</u>	<u>8,920</u>	<u>(89,196)</u>	<u>-</u>
Total general obligation bonds	<u>14,448,770</u>	<u>10,384,777</u>	<u>(875,745)</u>	<u>23,957,802</u>	<u>1,295,000</u>
Revenue bonds	1,445,000	-	(320,000)	1,125,000	70,000
Unamortized discounts	(10,287)	-	717	(9,570)	-
Total revenue bonds	<u>1,434,713</u>	<u>-</u>	<u>(319,283)</u>	<u>1,115,430</u>	<u>70,000</u>

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CITY OF DUBUQUE, IOWA
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JUNE 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities: (continued)					
Capital loan notes	\$ 3,914,076	\$ 4,484,545	\$ (109,000)	\$ 8,289,621	\$ 304,081
Loans payable	390,890	-	(18,912)	371,978	19,869
Compensated absences	384,609	335,892	(333,751)	386,750	386,750
Net OPEB liability	178,389	165,093	-	343,482	-
	<u>\$ 20,751,447</u>	<u>\$ 15,370,307</u>	<u>\$ (1,656,691)</u>	<u>\$ 34,465,063</u>	<u>\$ 2,075,700</u>

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

Dubuque Initiatives and Subsidiaries. At December 31, 2009, Dubuque Initiatives and Subsidiaries had the following notes and loan payable:

Note payable to Dubuque Bank & Trust (Loan A), with the following interest rate provisions: fixed interest rate of 5.85% during the “Fixed Interest Rate Period”; during the “Initial Loan A Variable Interest Rate Period”, an interest rate equal to the greater of the “Loan A Index Rate” plus 2.75% and 5.00%; during the “Second Loan A Variable Interest Rate Period”, an interest rate equal to the “Loan A Index Rate” plus 2.75%. Monthly interest only payments are due with final principal and interest due at maturity on June 15, 2029.*	\$ 5,294,384
Note payable to Dubuque Bank & Trust (Loan B), with the following interest rate provisions: fixed interest rate of 5.85% during the “Fixed Interest Rate Period”, during the “Variable Interest Period: an interest rate equal to the “Loan A Index Rate” plus 2.75%. Monthly interest only payments due until March 2010, principal and interest payments of \$54,167 begin on April 1, 2010. This note matures on June 15, 2019.*	6,500,000
Note payable to Dubuque Bank & Trust (Loan C), interest rate equal to the greater of Prime Rate plus 0.50% or 3.99%. Monthly interest only payments are due with final principal and interest due at maturity on December 31, 2010.**	9,797,991
Note payable to Dubuque Bank & Trust (Loan D), interest rate equal to the greater of Prime Rate plus 0.50% or 3.99%. Monthly interest only payments are due with final principal and interest due at maturity on October 31, 2011.*	10,651,055
Note payable to ICD VIII, LLC (QLICI QA1 Loan), fixed interest rate of 4.74%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.***	5,897,192

CITY OF DUBUQUE, IOWA
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Note payable to USBCDE Sub-CDE XXXV, LLC (QLICI QA2 Loan), fixed interest rate of 4.47%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.***	\$ 5,897,192
Note payable to ICD VIII, LLC (QLICI QB1 Loan), fixed interest rate of 1.80%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.***	3,902,808
Note payable to USBCDE Sub-CDE XXXV, LLC (QLICI QB2 Loan), fixed interest rate of 1.80%. Monthly interest only payments are due with final principal and interest due at maturity on June 1, 2039.***	<u>4,002,808</u>
	51,943,430
	<u>(9,797,991)</u>
Less: Current maturities	<u>42,145,439</u>
Noncurrent liability	\$ 42,145,439

The following is a schedule by years of the principal maturities of long-term debt obligations for the years ending June 30:

2010	\$ 9,797,991
2011	10,651,055
2012	-
2013	-
2014	-
Thereafter	<u>31,494,384</u>
	<u>\$ 51,943,430</u>

* - Notes A, B, and D payable to Dubuque Bank & Trust are collateralized by a security agreement dated June 22, 2009, a collateral assignment of tax credit purchase agreement dated June 22, 2009, and a collateral assignment of fund loan documents dated June 22, 2009.

** - Note C payable to Dubuque Bank & Trust is collateralized by a security agreement dated June 22, 2009, and a collateral assignment of federal historic tax credit bridge loan documents dated June 22, 2009.

*** - These notes payable to various entities are collateralized by, among other things, a certain Open-End Mortgage, Assignment of Leases and Rents, Security Agreement, and Fixture Filing of even date herewith executed by Borrower, as Mortgagor, to Administrative Agent, in its capacity as the Administrative Agent for the Lenders and for the benefit of the Lenders, as Mortgagee, encumbering the Property.

Forgivable loan. On February 19, 2009, the City of Dubuque was awarded a grant from the Iowa Department of Economic Development in the amount of \$450,000. The City of Dubuque awarded the grant to Dubuque Initiatives & Subsidiaries to assist the Organization in starting the Roshek Building project. The grant is a "forgivable loan". The funds will be released on a reimbursement basis, upon the City of Dubuque submitting paperwork to Iowa Department of Economic Development documenting \$450,000 in building related costs. If the Iowa Department of Economic Development considers the project to meet the reimbursement requirements, the loan will become forgivable on July 1, 2011. The balance of the forgivable loan at December 31, 2009, was \$450,000.

CITY OF DUBUQUE, IOWA
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NOTE 8 – 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 purchased from independent third parties and participates in a local government risk pool. The City assumes liability for any deductibles and claims in excess of coverage limitations.

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 \$90,000, and an aggregate stop-loss of \$7,021,089 for 2010. Coverage from a private insurance company is maintained for losses in excess of the stop-loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop-loss amount of \$500,000, and an aggregate-stop loss consistent with statutory limits for 2010. 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 \$479,770 in the Health Insurance Reserve Fund and \$907,610 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, all of which are expected to be paid within one year of year end, for the fiscal years ended June 30, 2010 and 2009, are summarized as follows:

	<u>Health Insurance Reserve Fund</u>	<u>Workers' Compensation Reserve Fund</u>
Liabilities at June 30, 2008	\$ 829,027	\$ 774,612
Claims and changes in estimates during fiscal year 2009	5,428,409	867,815
Claim payments	(5,443,317)	(1,020,418)
Liabilities at June 30, 2009	814,119	622,009
Claims and changes in estimates during fiscal year 2010	5,599,969	998,771
Claim payments	(5,934,318)	(713,170)
Liabilities at June 30, 2010	\$ 479,770	\$ 907,610

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The City is a member in the Iowa Communities Assurance Pool (Pool), as allowed by Chapter 670.7 of the Code of Iowa. The Pool is a local government risk-sharing pool whose 624 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. The City acquires automobile physical damage coverage through the Pool. All other property, inland marine, and boiler/machinery insurance is acquired through commercial insurance. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 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, 2010, were \$588,611.

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 \$150,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's Iowa Risk Management Agreement 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, 2010, 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, 2010

NOTE 9 – 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 applicable fund. 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, 2010.

Litigation

The City's corporation counsel reported that as of June 30, 2010, 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.

Port of Dubuque Parking Facility and Ramp Litigation

The City is a defendant in an action brought in the Iowa District Court for Dubuque County alleging that Dubuque entered into a contract with Kraemer Brothers, as the general contractor, for the construction of the Port of Dubuque Parking Facility & Ramp. Portzen Construction entered into a contract with Kraemer Brothers to supply certain plumbing work on the project. Portzen Construction is making a claim in the amount of approximately \$150,000 plus interest, attorneys' fees, and costs. Kraemer Brothers has made a claim against the City in excess of \$2 million for breach of contract. The Durrant Group, the project engineers, has made a claim against the City for approximately \$150,000. The City has made breach of contract and negligence claims against Kraemer Brothers and the Durrant Group for an amount between \$5 million and \$10 million. The City intends to vigorously defend and pursue its claims.

Environmental Protection Agency

The City of Dubuque has been notified that the United States Department of Justice has approved the filing of a civil action on behalf of the United States Environmental Protection Agency against the City seeking civil penalties and injunctive relief for illegal discharges of untreated sewage and into waters of the United States. The State of Iowa will join the United States in bringing this civil action. The City has had several meetings with representatives of the Department of Justice, Environmental Protection Agency, and State of Iowa and is attempting to negotiate a settlement of the complaint. The City has also undertaken several major projects to remedy the alleged violations.

Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2010. The City has additional commitments for signed construction contracts of \$18,382,291 as of June 30, 2010. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

Debt Guarantee

The City has guaranteed debt issued by Dubuque Initiatives and Subsidiaries related to the rehabilitation of the Roshek Building. The guarantee is limited to \$25,000,000.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* prospectively during the year ended June 30, 2009.

Plan Description - The City operates a single-employer retiree benefit plan which provides postemployment benefits for eligible participants enrolled in the City-sponsored plans, which includes the employees of the Dubuque Metropolitan Area Solid Waste Agency (a component unit). The Plan does not issue a stand-alone financial report. The benefits are provided in the form of:

An implicit rate subsidy where pre-65 retirees receive health insurance coverage by paying a combined retiree/active rate for the self-insured medical and prescription drug plan.

An explicit rate subsidy where the City pays the full cost of a \$1,000 policy in the fully-insured life insurance plan.

To be eligible for the health insurance coverage, retirees must be at least 55 years old, have completed 4 years of service, and be vested with either the Iowa Public Employee's Retirement System (IPERS) or the Municipal Fire and Police Retirement System of Iowa (MFPRSI). In addition to the health eligibility coverage requirements, one must have belonged to a bargaining group to be eligible for life insurance benefits. There are approximately 480 active and 30 retired members in the plan.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 945,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	945,000
Net contributions received from retirees	<u>78,583</u>
Increase in net OPEB obligation	1,023,583
Net OPEB obligation, beginning of year	<u>920,157</u>
Net OPEB obligation, end of year	<u>\$ 1,943,740</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the City paid \$167,270 for retiree claims. Plan members eligible for benefits contributed \$245,853 or 100% of the premium costs. The net resulted in retiree contributions of \$78,583.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 945,000	(89.9%)	\$ 1,943,740
June 30, 2009	\$ 945,000	2.6%	\$ 920,157

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$9,117,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,117,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$31,430,000 and the ratio of the UAAL to covered payroll was 29.0%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS and MFPRSI Actuarial Reports as of June 30, 2007 and applying the termination factors used in the IPERS and MFPRSI Actuarial Reports as of June 30, 2007.

Projected claim costs of the medical plan are \$8,490 per year for retirees at age 60. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

MFPRSI

The City contributes to the Municipal Fire and Police Retirement System of Iowa (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, Suite 201, West Des Moines, Iowa, 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City is required to contribute 17.00% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2010, 2009, and 2008, were \$1,966,345, \$2,077,554, and \$2,632,282, 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 4.30% of their annual covered salary, and the City is required to contribute 6.65% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008, were \$1,456,384, \$1,314,106, and \$1,200,182, respectively, equal to the required contributions for each year.

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 \$3,613,945 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of cells 1, 2, 3, and 4, the use of 90% of the estimated capacity of cells 5 and 6, and the use of 70% of the estimated capacity of cells 7 and 8. The Agency will recognize the remaining estimated cost of closure and postclosure care of \$536,855 as the remaining capacity is filled.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

These amounts are based on what it would cost to perform all closure and postclosure care in 2010. The Agency expects to close 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 2058. 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, 2010, funds have been restricted for closure and postclosure costs in the amount of \$3,737,248.

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, 2010 is \$7,296,311, with \$142,423 of depreciation expense during the year ended June 30, 2009. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2010, the DRA lease generated \$6,768,257 in lease revenue.

NOTE 14 – SUBSEQUENT EVENTS

On August 30, 2010, the City authorized \$4,470,000 General Obligation Bonds, Series 2010A. The bonds are being issued to provide funds to pay costs of improvements and extension to the municipal sanitary sewer and storm water drainage systems; equipping the sanitation and road departments; improving the City airport grounds and facilities; the acquisition of land and other costs associated with the Bee Branch storm water project; rehabilitation and improvement of City parks; construction, reconstruction and repair of sidewalks; improvement and installation of street lighting fixtures, connections and facilities; street improvements, including installation of fiber optic conduit; and to current refund \$690,000 of the outstanding General Obligation Bonds, Series 2002B, dated June 1, 2002. The Bonds are general obligations of the City for which the City pledged its power to levy direct ad valorem taxes to the repayment of the Bonds. The interest rate on the bonds range from 2% to 4%, with a maturity date of June 1, 2030. The funds to repay the bonds will be generated from fees and other available revenue sources.

On August 30, 2010, the City authorized \$2,675,000 General Obligation Urban Renewal Bonds, Series 2010B. The bonds are being issued to provide funds to pay costs of aiding in the planning, undertaking and carrying out of urban renewal project activities under the authority of Chapter 403 of the Code of Iowa and the Amended and Restated Urban Renewal Plan for the Greater Downtown Urban Renewal Area, including those costs associated with the construction of parking improvements and landscape projects within the Greater Downtown Urban Renewal Area, and the funding of grants, loans and other financial assistance to private developers to assist in rehabilitation of existing buildings and construction of housing development projects throughout the Greater Downtown Urban Renewal Area. The Bonds are general obligations of the City for which the City pledged its power to levy direct ad valorem taxes to the repayment of the Bonds. The interest rate on the bonds range from 1% to 5.35%, with a maturity date of June 1, 2030. The funds to repay the bonds will be generated from tax increment revenues of the Greater Downtown Urban Renewal Area.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

On August 30, 2010, the City authorized \$2,825,000 General Obligation Urban Renewal Bonds, Series 2010C. The bonds are being issued to provide funds to pay costs of aiding in the planning, undertaking and carrying out of urban renewal project activities under the authority of Chapter 403 of the Code of Iowa and the Amended and Restated Urban Renewal Plan for the Greater Downtown Urban Renewal Area, including those costs associated with the construction of parking improvements and landscape projects within the Greater Downtown Urban Renewal Area, and the funding of grants, loans and other financial assistance to private developers to assist in rehabilitation of existing buildings and construction of housing development projects throughout the Greater Downtown Urban Renewal Area. The Bonds are general obligations of the City for which the City pledged its power to levy direct ad valorem taxes to the repayment of the Bonds. The interest rate on the bonds range from 2% to 3.92%, with a maturity date of June 1, 2030. The funds to repay the bonds will be generated from tax increment revenues of the Greater Downtown Urban Renewal Area.

On September 21, 2010, the City authorized \$5,700,000 Water Revenue Bonds, Series 2010D. The Bonds are being issued to provide funds to pay costs of constructing and equipping improvements and extensions to the municipal water system. The Bonds are not general obligations of the City, but are payable solely from net revenues of the Municipal Water System. The interest rate on the bonds range from 2% to 4%, with a maturity date of June 1, 2030. The funds to repay the bonds will be generated from water utility fees.

On August 18, 2010, the City authorized \$64,885,000 Sewer Revenue Capital Loan Note from the State of Iowa Revolving Fund Loan/Iowa Pollution Control Works Financing Program, Series 2010E. The loan funds are being issued to provide funds to pay costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Municipal Sewer System, including those costs associated with the Water Pollution Control Plant Modification Project. The plant study and planning and design loan for this project were rolled into this State of Iowa Revolving Fund Loan. Along with this note, a Tax Exemption Certificate was also approved. The interest rate on the note is fixed at 3% for 29 years with a .25% annual administrative fee associated with the borrowing. There is also a one-time 1% loan origination fee for the borrowing. There are no principal payments required during the three year construction project with principal repayments required over 26 years after construction is complete. The City has drawn \$3,138,693 through November 2010 against this note. The funds to repay the notes will be generated from sewer utility fees.

On September 7, 2010, the City authorized \$2,850,000 General Obligation Capital Loan Notes, Series 2010F. The Notes were issued to provide funds to pay costs of constructing the Sycamore Street and 16th Street bridge improvements being undertaken as part of the Lower Bee Branch Creek Restoration Project. Although the City is selling General Obligation Capital Loan Notes to support the project, repayment of the debt will be generated from Storm Water Utility Fees. Along with this note, a Tax Exemption Certificate was also approved. The interest rate on the notes are fixed at 1.49%. The short-term borrowing (up to three years) for the loan is callable at anytime. The next time the City does a bond issuance this debt can be converted to long-term payment. Repayment of the debt will be generated from stormwater utility fees.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

On October 18, 2010, the City authorized \$7,850,000 Storm Water Utility Revenue Capital Loan Notes, Series 2010G. The Notes were issued to provide funds to pay costs of constructing storm water drainage projects and improvements, including those costs associated with the Lower Bee Branch Creek Restoration Project and refinancing a portion of the \$1,889,521 General Obligation Capital Loan Notes Anticipation Project Notes, Series 2006 issued in respect to such costs. Along with this note, a Tax Exemption Certificate was also approved. The interest rate on the note is fixed at 3% for 20 years with a .25% annual administrative fee associated with the borrowing. There is also a one-time 1% loan origination fee for the borrowing. The City plans to extend the repayment schedule to 30 years due to the longer lives of assets acquired with financing. This funding was acquired through the State Revolving Loan Fund and reflects a reduction from the public hearing amount due to the I-Jobs II grant award received by the City. The City has drawn \$2,176,617 through November 2010 against this note. Repayment of the debt will be generated from stormwater utility fees.

On October 26, 2010, the City authorized Urban Renewal Tax Increment Revenue Notes, not to exceed \$350,000, for part of financing of 44 Main, LLC. The interest rate on the notes is 6%, with a maturity date of June 30, 2027. Repayment of the debt will be generated from Tax Increment Financing revenues.

In October 2010, during the initial stages of the City's Water Pollution Control Plant Renovation Project, a small amount of mercury was spilled from the bearing on a trickling filter while the bearing was being removed to abate the mercury. The spill requires cleaning the trickling filter and its contents by a process approved by the EPA and the IDNR. The cost of the clean-up is estimated to be \$1.3 million. The City is working with the general contractor to remediate the mercury spill. Liability for the costs of the spill has not yet been determined.

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

GASB has issued one statement not yet implemented by the City that will affect the City's financial statements, as follows:

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the fiscal year ending June 30, 2011. This statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

Required Supplementary Information
June 30, 2010

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, 2010

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
RECEIPTS				
Property tax	\$ 18,346,634	\$ 18,331,912	\$ 18,331,912	\$ 14,722
Tax increment financing	5,556,740	6,610,851	6,610,851	(1,054,111)
Other City tax	11,239,427	13,913,509	13,913,509	(2,674,082)
Licenses and permits	2,622,986	1,336,745	1,215,110	1,407,876
Use of money and property	12,088,721	12,833,420	12,928,048	(839,327)
Intergovernmental	28,716,864	32,378,001	58,417,378	(29,700,514)
Charges for fees and service	20,146,815	27,378,276	27,422,276	(7,275,461)
Special assessments	478,348	278,000	1,341,557	(863,209)
Miscellaneous	10,615,175	6,350,736	9,929,350	685,825
Total Receipts	<u>109,811,710</u>	<u>119,411,450</u>	<u>150,109,991</u>	<u>(40,298,281)</u>
EXPENDITURES				
Public safety	21,687,877	21,766,430	22,793,571	1,105,694
Public works	11,235,463	11,593,287	11,862,353	626,890
Health and social services	815,638	847,063	975,901	160,263
Culture and recreation	8,820,689	8,955,550	9,134,083	313,394
Community and economic development	13,012,259	11,584,447	12,212,363	(799,896)
General government	6,698,588	6,547,820	6,956,515	257,927
Debt service	5,026,061	5,970,043	5,970,043	943,982
Capital projects	49,182,470	30,619,440	75,493,833	26,311,363
Business-type activities	32,633,929	70,940,795	85,303,375	52,669,446
Total Expenditures	<u>149,112,974</u>	<u>168,824,875</u>	<u>230,702,037</u>	<u>81,589,063</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES	(39,301,264)	(49,413,425)	(80,592,046)	41,290,782
OTHER FINANCING SOURCES, NET	<u>34,078,647</u>	<u>44,244,464</u>	<u>49,964,008</u>	<u>(15,885,361)</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(5,222,617)	(5,168,961)	(30,628,038)	25,405,421
BALANCE, BEGINNING OF YEAR	<u>52,520,704</u>	<u>52,520,704</u>	<u>52,520,704</u>	<u>-</u>
BALANCE, ENDING OF YEAR	<u>\$ 47,298,087</u>	<u>\$ 47,351,743</u>	<u>\$ 21,892,666</u>	<u>\$ 25,405,421</u>

CITY OF DUBUQUE, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2010

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 by the City Council 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, 2010, was amended two times during the year to allow the City to increase function expenditures by \$61,877,162, primarily for the carry-forward of unfinished capital improvement projects and expenditure of additional grants for capital improvements.

During the year ended June 30, 2010, disbursements in the community and economic development function exceeded the amount budgeted.

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	Enterprise Funds	Total
			Modified Accrual Basis	Accrual Basis		
Receipts/revenues	\$ 109,811,710	\$ 1,190,605	\$ 111,002,315	\$ 87,288,520	\$ 23,713,795	\$ 111,002,315
Expenditures/expenses	<u>149,112,974</u>	<u>(25,605,568)</u>	<u>123,507,406</u>	<u>98,606,222</u>	<u>24,901,184</u>	<u>123,507,406</u>
Deficiency of receipts/revenues under expenditures/expenses	(39,301,264)	26,796,173	(12,505,091)	(11,317,702)	(1,187,389)	(12,505,091)
Other financing sources, net	<u>34,078,647</u>	<u>(27,621,958)</u>	<u>6,456,689</u>	<u>2,218,752</u>	<u>4,237,937</u>	<u>6,456,689</u>
Net	(5,222,617)	(825,785)	(6,048,402)	(9,098,950)	3,050,548	(6,048,402)
Balance, beginning	<u>52,520,704</u>	<u>131,425,205</u>	<u>183,945,909</u>	<u>50,381,341</u>	<u>133,564,568</u>	<u>183,945,909</u>
Balance, ending	<u>\$ 47,298,087</u>	<u>\$ 130,599,420</u>	<u>\$ 177,897,507</u>	<u>\$ 41,282,391</u>	<u>\$ 136,615,116</u>	<u>\$ 177,897,507</u>

CITY OF DUBUQUE, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2010

Year Ended June 30	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2009	07/01/08	\$ -	\$ 9,117,000	\$ 9,117,000	0.0%	\$ 30,012,086	30.4%
2010	07/01/08	\$ -	\$ 9,117,000	\$ 9,117,000	0.0%	\$ 31,430,000	29.0%

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.

IFA Housing Trust – This fund is used to account for funds received under the Iowa Finance Authority State Housing Trust Fund Program.

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.

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, 2010

	Road Use Tax	Section VIII Housing	Tort Liability
ASSETS			
Cash and pooled cash investments	\$ 570,025	\$ 320,179	\$ -
Receivables			
Property tax			
Delinquent	-	-	9,449
Succeeding year	-	-	406,612
Accounts and other	-	18,916	-
Special assessments	-	-	-
Accrued interest	-	794	-
Notes	-	1,095	-
Intergovernmental	319,642	5,011	-
Inventory	613,943	-	-
Restricted cash and pooled cash investments	-	27,422	-
 Total Assets	 <u>\$ 1,503,610</u>	 <u>\$ 373,417</u>	 <u>\$ 416,061</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 162,867	\$ 37,279	\$ -
Accrued payroll	69,324	21,411	-
Intergovernmental payable	-	14,081	-
Deferred revenue			
Succeeding year property tax	-	-	406,612
Other	-	-	272
 Total Liabilities	 <u>232,191</u>	 <u>72,771</u>	 <u>406,884</u>
FUND BALANCES			
Reserved for/by			
Encumbrances	210,624	3,075	-
Long-term notes receivable	-	383	-
Inventory	613,943	-	-
Bond ordinance	-	-	-
Debt service	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated reported in			
Special revenue funds	446,852	297,188	9,177
Capital projects funds	-	-	-
Permanent funds	-	-	-
 Total Fund Balances	 <u>1,271,419</u>	 <u>300,646</u>	 <u>9,177</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,503,610</u>	 <u>\$ 373,417</u>	 <u>\$ 416,061</u>

Special Revenue										
Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	IFA Housing Trust	Debt Service					
\$ -	\$ 605,187	\$ 372,782	\$ 210,299	\$ 150,000	\$ 73,713					
-	-	-	-	-	-	1,777				
-	-	-	-	-	-	118,185				
-	-	16,287	-	-	-	-				
590,098	-	-	-	-	-	-				
-	38,264	999	564	-	198					
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	2,351,738	1,332	-	-	-	-				
<u>\$ 590,098</u>	<u>\$ 2,995,189</u>	<u>\$ 391,400</u>	<u>\$ 210,863</u>	<u>\$ 150,000</u>	<u>\$ 193,873</u>					
\$ -	\$ 67,892	\$ 1,914	\$ 4,117	\$ -	\$ -					
-	-	16,177	-	-	-	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	118,185				
547,880	-	-	-	-	-	-				
<u>547,880</u>	<u>67,892</u>	<u>18,091</u>	<u>4,117</u>	<u>-</u>	<u>118,185</u>					
-	-	998	11,463	-	-					
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
-	2,351,738	-	-	-	-	-				
-	-	-	-	-	-	75,688				
-	-	1,332	-	150,000	-	-				
-	-	-	-	-	-	-				
42,218	575,559	370,979	195,283	-	-	-				
-	-	-	-	-	-	-				
-	-	-	-	-	-	-				
<u>42,218</u>	<u>2,927,297</u>	<u>373,309</u>	<u>206,746</u>	<u>150,000</u>	<u>75,688</u>					
<u>\$ 590,098</u>	<u>\$ 2,995,189</u>	<u>\$ 391,400</u>	<u>\$ 210,863</u>	<u>\$ 150,000</u>	<u>\$ 193,873</u>					
(continued)										

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>Capital Projects</u>	
	Airport Construction	Sales Tax Construction
ASSETS		
<hr/>		
Cash and pooled cash investments	\$ 734,940	\$ 1,684,325
Receivables		
Property tax		
Delinquent	-	-
Succeeding year	-	-
Accounts and other	599,975	-
Special assessments	-	-
Accrued interest	2,101	4,515
Notes	-	-
Intergovernmental	263,340	259,345
Inventory	-	-
Restricted cash and pooled cash investments	-	-
 Total Assets	<u>\$ 1,600,356</u>	<u>\$ 1,948,185</u>
<hr/>		
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 67,226	\$ 93,649
Accrued payroll	-	-
Intergovernmental payable	-	-
Deferred revenue		
Succeeding year property tax	-	-
Other	660,458	-
Total Liabilities	<u>727,684</u>	<u>93,649</u>
 FUND BALANCES		
Reserved for/by		
Encumbrances	449,593	357,895
Long-term notes receivable	-	-
Inventory	-	-
Bond ordinance	-	-
Debt service	-	-
Franchise/housing agreement	-	-
Endowments	-	-
Unreserved, undesignated reported in		
Special revenue funds	-	-
Capital projects funds	423,079	1,496,641
Permanent funds	-	-
Total Fund Balances	<u>872,672</u>	<u>1,854,536</u>
 Total Liabilities and Fund Balances	<u>\$ 1,600,356</u>	<u>\$ 1,948,185</u>

EXHIBIT A-1
(continued)

Permanent Funds		Total	
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds	
\$ -	\$ -	\$ 4,721,450	
-	-	11,226	
-	-	524,797	
-	-	635,178	
-	-	590,098	
84	38	47,557	
-	-	1,095	
-	-	847,338	
-	-	613,943	
88,398	14,165	2,483,055	
<u>\$ 88,482</u>	<u>\$ 14,203</u>	<u>\$ 10,475,737</u>	

\$ -	\$ -	\$ 434,944
-	-	106,912
-	-	14,081
-	-	524,797
-	-	1,208,610
-	-	2,289,344

-	-	1,033,648
-	-	383
-	-	613,943
-	-	2,351,738
-	-	75,688
-	-	151,332
57,412	12,000	69,412
-	-	1,937,256
-	-	1,919,720
31,070	2,203	33,273
<u>\$ 88,482</u>	<u>\$ 14,203</u>	<u>\$ 8,186,393</u>
<u>\$ 88,482</u>	<u>\$ 14,203</u>	<u>\$ 10,475,737</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Road Use Tax	Section VIII Housing
REVENUES		
Taxes	\$ -	\$ -
Special assessments	- -	- -
Intergovernmental	5,034,153	5,016,500
Charges for services	- -	- -
Investment earnings	351	5,061
Contributions	- -	- -
Miscellaneous	50,862	42,781
Total Revenues	5,085,366	5,064,342
EXPENDITURES		
Governmental activities		
Current		
Public safety	- 86,247	86,247
Public works	5,934,720	- -
Health and social services	- -	- -
Culture and recreation	- -	- -
Community and economic development	- 5,424,930	5,424,930
General government	5,176	- -
Debt service	- -	- -
Capital projects	- -	- -
Total Expenditures	5,939,896	5,511,177
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(854,530)	(446,835)
OTHER FINANCING SOURCES (USES)		
Issuance of debt	100,000	- -
Discount on bonds	(1,006)	- -
Premium on bonds	- -	- -
Issuance of refunding bonds	- -	- -
Refunded bonds redeemed	- -	- -
Transfers in	415,469	- -
Transfers out	(497,072)	- -
Total Other Financing Sources (Uses)	17,391	- -
NET CHANGE IN FUND BALANCES	(837,139)	(446,835)
FUND BALANCES, BEGINNING	2,108,558	747,481
FUND BALANCES, ENDING	\$ 1,271,419	\$ 300,646

Special Revenue						
Tort Liability	Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	IFA Housing Trust	Debt Service
\$ 420,322	\$ -	\$ 5,556,738	\$ -	\$ -	\$ -	\$ 85,251
-	318,178	-	-	-	-	-
-	-	16,059	-	-	-	15,463
-	-	-	-	-	-	-
-	35,426	343,746	17,424	4,641	-	551
-	-	-	-	180,062	-	-
-	10,728	280	641,931	-	-	-
<u>420,322</u>	<u>364,332</u>	<u>5,916,823</u>	<u>659,355</u>	<u>184,703</u>	<u>-</u>	<u>101,265</u>
-	-	-	48,540	-	-	-
-	-	-	-	-	-	-
-	-	-	26,122	-	-	-
-	-	-	-	50,529	-	-
-	-	2,280,961	-	-	183,817	-
-	-	-	570,657	-	-	34,796
-	-	3,959,253	-	-	-	1,485,304
-	-	-	-	-	-	-
-	-	6,240,214	645,319	50,529	183,817	1,520,100
<u>420,322</u>	<u>364,332</u>	<u>(323,391)</u>	<u>14,036</u>	<u>134,174</u>	<u>(183,817)</u>	<u>(1,418,835)</u>
-	-	647,176	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	554,796
-	-	-	-	-	-	8,885,000
-	-	-	-	-	-	(9,405,000)
-	-	-	-	-	333,817	1,456,572
(412,762)	(500,334)	(2,351,812)	-	(41,027)	-	-
<u>(412,762)</u>	<u>(500,334)</u>	<u>(1,704,636)</u>	<u>-</u>	<u>(41,027)</u>	<u>333,817</u>	<u>1,491,368</u>
7,560	(136,002)	(2,028,027)	14,036	93,147	150,000	72,533
<u>1,617</u>	<u>178,220</u>	<u>4,955,324</u>	<u>359,273</u>	<u>113,599</u>	<u>-</u>	<u>3,155</u>
<u>\$ 9,177</u>	<u>\$ 42,218</u>	<u>\$ 2,927,297</u>	<u>\$ 373,309</u>	<u>\$ 206,746</u>	<u>\$ 150,000</u>	<u>\$ 75,688</u>
(continued)						

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Capital Projects</u>	
	<u>Airport Construction</u>	<u>Sales Tax Construction</u>
REVENUES		
Taxes	\$ -	\$ 1,622,494
Special assessments	- -	- -
Intergovernmental	711,563	- -
Charges for services	144,334	- -
Investment earnings	21,081	49,205
Contributions	- -	- -
Miscellaneous	- -	- -
Total Revenues	876,978	1,671,699
EXPENDITURES		
Governmental activities		
Current		
Public safety	- -	- -
Public works	- -	- -
Health and social services	- -	- -
Culture and recreation	- -	- -
Community and economic development	- -	- -
General government	- -	- -
Debt service	- -	- -
Capital projects	970,639	1,457,377
Total Expenditures	970,639	1,457,377
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(93,661)	214,322
OTHER FINANCING SOURCES (USES)		
Issuance of debt	230,000	- -
Discount on bonds	(2,313)	- -
Premium on bonds	- -	- -
Issuance of refunding bonds	- -	- -
Refunded bonds redeemed	- -	- -
Transfers in	65,519	56,919
Transfers out	- -	(336,030)
Total Other Financing Sources (Uses)	293,206	(279,111)
NET CHANGE IN FUND BALANCES	199,545	(64,789)
FUND BALANCES, BEGINNING	673,127	1,919,325
FUND BALANCES, ENDING	\$ 872,672	\$ 1,854,536

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ -	\$ -	\$ 7,684,805
-	-	318,178
-	-	10,793,738
-	-	144,334
3,849	415	481,750
-	-	180,062
-	-	<u>746,582</u>
<u>3,849</u>	<u>415</u>	<u>20,349,449</u>
-	-	134,787
-	-	5,934,720
-	-	26,122
440	6,101	57,070
-	-	7,889,708
-	-	610,629
-	-	5,444,557
-	-	<u>2,428,016</u>
<u>440</u>	<u>6,101</u>	<u>22,525,609</u>
<u>3,409</u>	<u>(5,686)</u>	<u>(2,176,160)</u>
-	-	977,176
-	-	(3,319)
-	-	554,796
-	-	8,885,000
-	-	(9,405,000)
-	-	2,328,296
-	-	<u>(4,139,037)</u>
-	-	<u>(802,088)</u>
3,409	(5,686)	(2,978,248)
<u>85,073</u>	<u>19,889</u>	<u>11,164,641</u>
<u>\$ 88,482</u>	<u>\$ 14,203</u>	<u>\$ 8,186,393</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, 2010

EXHIBIT B-1

	Refuse Collection	Transit System	Total Other Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ 956,631	\$ -	\$ 956,631
Receivables			
Accounts	337,714	2,053	339,767
Accrued interest	2,565	-	2,565
Intergovernmental	-	994,703	994,703
Inventories	-	25,435	25,435
Prepaid items	-	1,059	1,059
Total Current Assets	<u>1,296,910</u>	<u>1,023,250</u>	<u>2,320,160</u>
NONCURRENT ASSETS			
Capital assets			
Land	-	36,000	36,000
Buildings	-	1,887,564	1,887,564
Machinery and equipment	1,660,989	3,658,334	5,319,323
Accumulated depreciation	<u>(1,306,309)</u>	<u>(3,896,508)</u>	<u>(5,202,817)</u>
Net Capital Assets	<u>354,680</u>	<u>1,685,390</u>	<u>2,040,070</u>
Total Assets	<u>1,651,590</u>	<u>2,708,640</u>	<u>4,360,230</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	9,702	32,197	41,899
Accrued payroll	53,492	55,101	108,593
Accrued compensated absences	135,855	8,697	144,552
Due to other funds	-	6,465	6,465
Total Current Liabilities	<u>199,049</u>	<u>102,460</u>	<u>301,509</u>
NONCURRENT LIABILITIES			
Net OPEB liability	<u>82,880</u>	<u>23,680</u>	<u>106,560</u>
Total Liabilities	<u>281,929</u>	<u>126,140</u>	<u>408,069</u>
NET ASSETS			
Invested in capital assets, net of related debt	354,680	1,685,390	2,040,070
Unrestricted	<u>1,014,981</u>	<u>897,110</u>	<u>1,912,091</u>
Total Net Assets	<u>\$ 1,369,661</u>	<u>\$ 2,582,500</u>	<u>\$ 3,952,161</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, 2010

EXHIBIT B-2

	Refuse Collection	Transit System	Total Other Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	\$ 2,891,217	\$ 182,258	\$ 3,073,475
Other	1,800	91,175	92,975
Total Operating Revenues	2,893,017	273,433	3,166,450
OPERATING EXPENSES			
Employee expense	1,775,037	1,244,662	3,019,699
Utilities	13,177	56,146	69,323
Repairs and maintenance	251,627	552,835	804,462
Supplies and services	561,283	622,953	1,184,236
Insurance	28,376	46,750	75,126
Depreciation	74,387	308,720	383,107
Total Operating Expenses	2,703,887	2,832,066	5,535,953
OPERATING INCOME (LOSS)	189,130	(2,558,633)	(2,369,503)
NONOPERATING REVENUES			
Intergovernmental	-	1,180,359	1,180,359
Investment earnings	24,805	-	24,805
Gain on disposal of assets	1,899	-	1,899
Net Nonoperating Revenues	26,704	1,180,359	1,207,063
INCOME (LOSS) BEFORE TRANSFERS	215,834	(1,378,274)	(1,162,440)
TRANSFERS IN	-	1,345,014	1,345,014
CHANGE IN NET ASSETS	215,834	(33,260)	182,574
NET ASSETS, BEGINNING	1,153,827	2,615,760	3,769,587
NET ASSETS, ENDING	\$ 1,369,661	\$ 2,582,500	\$ 3,952,161

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT B-3

	Refuse Collection	Transit System	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,883,049	\$ 193,387	\$ 3,076,436
Cash payments to suppliers for goods and services	(851,141)	(1,297,560)	(2,148,701)
Cash payments to employees for services	(1,730,922)	(1,224,992)	(2,955,914)
Other operating receipts	<u>1,800</u>	<u>91,175</u>	<u>92,975</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>302,786</u>	<u>(2,237,990)</u>	<u>(1,935,204)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	1,345,014	1,345,014
Payment of interfund balances	-	(165,988)	(165,988)
Intergovernmental grant proceeds	<u>-</u>	<u>1,110,950</u>	<u>1,110,950</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>2,289,976</u>	<u>2,289,976</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	1,899	-	1,899
Acquisition and construction of capital assets	<u>(243,054)</u>	<u>(51,986)</u>	<u>(295,040)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(241,155)</u>	<u>(51,986)</u>	<u>(293,141)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>26,170</u>	<u>-</u>	<u>26,170</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>87,801</u>	<u>-</u>	<u>87,801</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>868,830</u>	<u>-</u>	<u>868,830</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 956,631</u>	<u>\$ -</u>	<u>\$ 956,631</u>

(continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

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 BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 189,130	\$ (2,558,633)	\$ (2,369,503)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	74,387	308,720	383,107
Change in assets and liabilities			
(Increase) decrease in receivables	(8,168)	11,129	2,961
Increase in inventories	-	(2,940)	(2,940)
Increase (decrease) in accounts payable	3,322	(15,936)	(12,614)
Increase in accrued liabilities	3,327	8,016	11,343
Increase in net OPEB liability	40,788	11,654	52,442
Total Adjustments	<u>113,656</u>	<u>320,643</u>	<u>434,299</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 302,786	\$ (2,237,990)	\$ (1,935,204)

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 insurance 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, 2010

	<u>General Service</u>	<u>Garage Service</u>	<u>Stores/ Printing</u>
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ -	\$ 233,687	\$ 3,672
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Intergovernmental	-	4,560	-
Inventories	-	46,067	4,808
Prepaid items	-	1,589	-
Total Current Assets	-	285,903	8,480
NONCURRENT ASSETS			
Capital assets			
Machinery and equipment	-	101,738	-
Accumulated depreciation	-	(52,456)	-
Net Capital Assets	-	49,282	-
Total Assets	-	335,185	8,480
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	16,376	-
Accrued payroll	17,070	30,926	-
Due to other funds	1,489	-	-
Total Liabilities	18,559	47,302	-
NET ASSETS			
Invested in capital assets, net of related debt	-	49,282	-
Unrestricted	(18,559)	238,601	8,480
Total Net Assets (Deficit)	\$ (18,559)	\$ 287,883	\$ 8,480

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 2,186,108	\$ 53,683	\$ 2,477,150
1,583	-	1,583
5,861	144	6,005
-	-	4,560
-	-	50,875
-	-	1,589
<u>2,193,552</u>	<u>53,827</u>	<u>2,541,762</u>
-	-	101,738
-	-	(52,456)
-	-	49,282
<u>2,193,552</u>	<u>53,827</u>	<u>2,591,044</u>
479,770	907,610	1,403,756
-	-	47,996
-	-	1,489
<u>479,770</u>	<u>907,610</u>	<u>1,453,241</u>
-	-	49,282
1,713,782	(853,783)	1,088,521
<u>\$ 1,713,782</u>	<u>\$ (853,783)</u>	<u>\$ 1,137,803</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, 2010

	<u>General Service</u>	<u>Garage Service</u>	<u>Stores/ Printing</u>
OPERATING REVENUES			
Charges for sales and services	\$ 1,475,561	\$ 1,647,503	\$ 142,527
Other	-	260	-
Total Operating Revenues	<u>1,475,561</u>	<u>1,647,763</u>	<u>142,527</u>
OPERATING EXPENSES			
Employee expense	1,457,316	805,116	-
Utilities	-	20,652	-
Repairs and maintenance	-	20,214	-
Supplies and services	6,312	834,547	128,991
Insurance	12,418	16,178	-
Depreciation	-	8,680	-
Total Operating Expenses	<u>1,476,046</u>	<u>1,705,387</u>	<u>128,991</u>
OPERATING INCOME (LOSS)	(485)	(57,624)	13,536
NONOPERATING REVENUES			
Investment earnings	-	-	-
Gain on disposal of assets	-	3,662	-
Total Nonoperating Revenues	<u>-</u>	<u>3,662</u>	<u>-</u>
CHANGE IN NET ASSETS	(485)	(53,962)	13,536
NET ASSETS (DEFICIT), BEGINNING	<u>(18,074)</u>	<u>341,845</u>	<u>(5,056)</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ (18,559)</u>	<u>\$ 287,883</u>	<u>\$ 8,480</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 5,016,950	\$ 616,155	\$ 8,898,696
129,899	4,270	134,429
<u>5,146,849</u>	<u>620,425</u>	<u>9,033,125</u>
-	-	2,262,432
-	-	20,652
-	-	20,214
5,765,488	1,033,371	7,768,709
644,319	26,320	699,235
<u>-</u>	<u>-</u>	<u>8,680</u>
<u>6,409,807</u>	<u>1,059,691</u>	<u>10,779,922</u>
(1,262,958)	(439,266)	(1,746,797)
65,768	4,713	70,481
<u>-</u>	<u>-</u>	<u>3,662</u>
<u>65,768</u>	<u>4,713</u>	<u>74,143</u>
(1,197,190)	(434,553)	(1,672,654)
<u>2,910,972</u>	<u>(419,230)</u>	<u>2,810,457</u>
<u>\$ 1,713,782</u>	<u>\$ (853,783)</u>	<u>\$ 1,137,803</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,475,561	\$ 1,647,503	\$ 142,527
Cash payments to suppliers for goods and services	(18,730)	(939,385)	(137,200)
Cash payments to employees for services	(1,458,004)	(799,793)	-
Other operating receipts	-	260	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(1,173)	(91,415)	5,327
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from interfund balances	1,173	-	-
Payment of interfund balances	-	-	(1,655)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	1,173	-	(1,655)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	3,662	-
Acquisition and construction of capital assets	-	(13,548)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(9,886)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(101,301)	3,672
CASH AND CASH EQUIVALENTS, BEGINNING	-	334,988	-
CASH AND CASH EQUIVALENTS, ENDING	\$ -	\$ 233,687	\$ 3,672
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (485)	\$ (57,624)	\$ 13,536
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	-	8,680	-
Change in assets and liabilities			
Decrease (increase) in receivables	-	(4,560)	-
Increase in inventories	-	(4,295)	(2,904)
Increase (decrease) in accounts payable	-	(38,939)	(5,305)
Increase (decrease) in accrued liabilities	(688)	5,323	-
Total Adjustments	(688)	(33,791)	(8,209)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (1,173)	\$ (91,415)	\$ 5,327

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 5,179,747	\$ 616,155	\$ 9,061,493
(6,744,156)	(774,090)	(8,613,561)
-	-	(2,257,797)
<u>129,899</u>	<u>4,270</u>	<u>134,429</u>
<u>(1,434,510)</u>	<u>(153,665)</u>	<u>(1,675,436)</u>
 -	 -	 1,173
<u>-</u>	<u>-</u>	<u>(1,655)</u>
 -	 -	 (482)
 -	 -	 3,662
<u>-</u>	<u>-</u>	<u>(13,548)</u>
 -	 -	 (9,886)
 <u>74,716</u>	 <u>5,583</u>	 <u>80,299</u>
 (1,359,794)	 (148,082)	 (1,605,505)
 <u>3,545,902</u>	 <u>201,765</u>	 <u>4,082,655</u>
 <u>\$ 2,186,108</u>	 <u>\$ 53,683</u>	 <u>\$ 2,477,150</u>
 <u>\$ (1,262,958)</u>	 <u>\$ (439,266)</u>	 <u>\$ (1,746,797)</u>
 -	 -	 8,680
 162,797	 -	 158,237
 -	 -	 (7,199)
 (334,349)	 285,601	 (92,992)
 -	 -	 4,635
 (171,552)	 285,601	 71,361
 <u>\$ (1,434,510)</u>	 <u>\$ (153,665)</u>	 <u>\$ (1,675,436)</u>

AGENCY FUNDS

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

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

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

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT D-1

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
CABLE EQUIPMENT FUND				
ASSETS				
Cash and pooled cash investments	\$ 332,873	\$ 13,914	\$ 183,028	\$ 163,759
Accounts receivable	5,559	5,700	5,559	5,700
Accrued interest	-	3,132	3,132	-
Total Assets	\$ 338,432	\$ 22,746	\$ 191,719	\$ 169,459
LIABILITIES				
Accounts payable	\$ -	\$ 14,988	\$ -	\$ 14,988
Due to other agency	338,432	7,758	191,719	154,471
Total Liabilities	\$ 338,432	\$ 22,746	\$ 191,719	\$ 169,459
DOG TRACK DEPRECIATION FUND				
ASSETS				
Cash and pooled cash investments	\$ 790,917	\$ 145,099	\$ -	\$ 936,016
Accrued interest	3,238	24,371	25,099	2,510
Total Assets	\$ 794,155	\$ 169,470	\$ 25,099	\$ 938,526
LIABILITIES				
Due to other agency	\$ 794,155	\$ 169,470	\$ 25,099	\$ 938,526
TOTAL AGENCY FUNDS				
ASSETS				
Cash and pooled cash investments	\$ 1,123,790	\$ 159,013	\$ 183,028	\$ 1,099,775
Accounts receivable	5,559	5,700	5,559	5,700
Accrued interest	3,238	27,503	28,231	2,510
Total Assets	\$ 1,132,587	\$ 192,216	\$ 216,818	\$ 1,107,985
LIABILITIES				
Accounts payable	\$ -	\$ 14,988	\$ -	\$ 14,988
Due to other agency	1,132,587	177,228	216,818	1,092,997
Total Liabilities	\$ 1,132,587	\$ 192,216	\$ 216,818	\$ 1,107,985

Statistical Section (Unaudited)
June 30, 2010

City of Dubuque, Iowa

CITY OF DUBUQUE, IOWA

STATISTICAL SECTION

This statistical section of the City'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.	86
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	91
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.	95
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.	103
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.	105

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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

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

TABLE 1

2007	2008	2009	2010
\$ 288,978,975	\$ 296,143,451	\$ 298,855,346	\$ 309,126,684
23,900,328	31,970,724	27,171,123	26,064,318
<u>21,921,571</u>	<u>18,987,841</u>	<u>(5,280,715)</u>	<u>(11,256,312)</u>
<u><u>\$ 334,800,874</u></u>	<u><u>\$ 347,102,016</u></u>	<u><u>\$ 320,745,754</u></u>	<u><u>\$ 323,934,690</u></u>
\$ 91,483,532	\$ 95,104,575	\$ 120,473,286	\$ 124,805,513
554,318	554,505	770,157	129,642
<u>11,214,900</u>	<u>11,312,806</u>	<u>12,321,125</u>	<u>11,679,961</u>
<u><u>\$ 103,252,750</u></u>	<u><u>\$ 106,971,886</u></u>	<u><u>\$ 133,564,568</u></u>	<u><u>\$ 136,615,116</u></u>
\$ 380,462,507	\$ 391,248,026	\$ 419,328,632	\$ 433,932,197
24,454,646	32,525,229	27,941,280	26,193,960
<u>33,136,471</u>	<u>30,300,647</u>	<u>7,040,410</u>	<u>423,649</u>
<u><u>\$ 438,053,624</u></u>	<u><u>\$ 454,073,902</u></u>	<u><u>\$ 454,310,322</u></u>	<u><u>\$ 460,549,806</u></u>

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

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

TABLE 2

2007	2008	2009	2010
\$ 20,326,724	\$ 16,966,210	\$ 22,038,265	\$ 22,067,988
16,505,560	18,847,068	19,079,688	22,121,629
759,367	800,566	849,237	852,099
9,837,299	10,857,409	12,640,716	11,446,084
11,965,805	11,961,584	12,693,140	15,422,099
4,940,154	5,804,003	6,423,908	7,963,016
1,400,748	2,577,417	3,164,126	3,101,897
<u>65,735,657</u>	<u>67,814,257</u>	<u>76,889,080</u>	<u>82,974,812</u>
5,814,076	6,141,524	6,326,708	6,631,326
4,780,063	4,814,692	6,100,491	6,093,827
1,198,675	1,706,735	2,138,198	2,213,144
1,611,447	2,173,110	2,147,405	4,003,776
434,667	126,699	61,927	423,158
2,496,018	2,724,050	2,788,665	2,703,887
2,760,459	2,703,983	2,625,145	2,832,066
<u>19,095,405</u>	<u>20,390,793</u>	<u>22,188,539</u>	<u>24,901,184</u>
<u>\$ 84,831,062</u>	<u>\$ 88,205,050</u>	<u>\$ 99,077,619</u>	<u>\$ 107,875,996</u>
\$ 1,857,324	\$ 2,088,723	\$ 2,020,625	\$ 2,348,064
4,839,781	4,061,883	4,456,364	4,046,583
2,251,562	2,109,571	2,279,688	2,192,886
1,074,550	1,382,889	1,557,597	2,412,880
11,641,904	11,709,123	12,599,967	20,830,113
23,741,282	8,032,602	4,811,729	10,748,522
<u>45,406,403</u>	<u>29,384,791</u>	<u>27,725,970</u>	<u>42,579,048</u>
5,259,432	5,484,079	5,904,535	5,893,730
4,743,896	4,875,530	5,320,642	5,326,202
1,227,243	1,766,334	2,291,249	2,282,625
1,977,757	2,141,607	2,224,185	2,399,843
3,099	2,140	-	7,000
2,642,251	2,710,583	2,872,649	2,893,017
237,088	195,817	196,260	273,433
1,167,344	1,209,636	1,095,946	1,652,277
1,670,874	2,830,263	3,613,321	3,800,582
<u>18,928,984</u>	<u>21,215,989</u>	<u>23,518,787</u>	<u>24,528,709</u>
<u>\$ 64,335,387</u>	<u>\$ 50,600,780</u>	<u>\$ 51,244,757</u>	<u>\$ 67,107,757</u>

(continued)

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

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

TABLE 2
(continued)

2007	2008	2009	2010
\$ (20,329,254)	\$ (38,429,466)	\$ (49,163,110)	\$ (40,395,764)
(166,421)	825,196	1,330,248	(372,475)
<u>\$ (20,495,675)</u>	<u>\$ (37,604,270)</u>	<u>\$ (47,832,862)</u>	<u>\$ (40,768,239)</u>
\$ 21,656,908	\$ 22,744,563	\$ 23,716,819	\$ 24,876,073
7,817,403	8,020,889	7,649,853	8,112,471
1,569,743	1,622,455	1,611,954	1,678,806
1,492,920	1,516,123	1,486,292	1,591,712
15,556,551	15,346,468	9,627,391	8,209,761
1,870,403	2,741,499	2,215,413	1,339,709
-	92,525	407,503	-
586,931	898,241	918,605	880,930
(7,633)	(2,252,155)	(24,826,982)	(3,104,762)
<u>50,543,226</u>	<u>50,730,608</u>	<u>22,806,848</u>	<u>43,584,700</u>
796,636	630,049	433,148	294,562
-	11,736	2,304	23,699
7,633	2,252,155	24,826,982	3,104,762
804,269	2,893,940	25,262,434	3,423,023
<u>\$ 51,347,495</u>	<u>\$ 53,624,548</u>	<u>\$ 48,069,282</u>	<u>\$ 47,007,723</u>
\$ 30,213,972	\$ 12,301,142	\$ (26,356,262)	\$ 3,188,936
637,848	3,719,136	26,592,682	3,050,548
<u>\$ 30,851,820</u>	<u>\$ 16,020,278</u>	<u>\$ 236,420</u>	<u>\$ 6,239,484</u>

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

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

TABLE 3

2007	2008	2009	2010
\$ 4,455,303	\$ 1,699,825	\$ 4,864,701	\$ 5,199,760
<u>17,827,631</u>	<u>17,982,016</u>	<u>14,206,181</u>	<u>8,622,705</u>
<u><u>\$ 22,282,934</u></u>	<u><u>\$ 19,681,841</u></u>	<u><u>\$ 19,070,882</u></u>	<u><u>\$ 13,822,465</u></u>
\$ 13,942,519	\$ 31,887,038	\$ 19,634,305	\$ 24,404,656
7,586,898	7,431,931	5,981,390	4,011,022
-	-	-	-
4,195,354	7,875,448	5,659,214	(989,025)
<u>115,825</u>	<u>33,958</u>	<u>35,550</u>	<u>33,273</u>
<u><u>\$ 25,840,596</u></u>	<u><u>\$ 47,228,375</u></u>	<u><u>\$ 31,310,459</u></u>	<u><u>\$ 27,459,926</u></u>

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

	Fiscal Year			
	2003	2004	2005	2006
Revenues				
Taxes	\$ 25,508,936	\$ 27,861,273	\$ 29,430,135	\$ 30,043,167
Special assessments	561,406	717,305	197,195	322,214
Licenses and permits	753,990	1,063,081	1,078,722	965,712
Intergovernmental	17,249,290	17,057,994	18,370,358	15,021,722
Charges for services	5,325,031	5,666,307	5,918,542	6,620,243
Fines and forfeits	465,787	241,572	267,536	204,201
Investment earnings	1,750,519	502,932	1,197,691	1,096,445
Contributions	447,960	345,415	306,809	246,908
Gaming	9,539,598	11,631,022	11,694,105	14,034,847
Miscellaneous	1,312,348	1,139,057	1,573,305	1,106,991
Total revenues	<u>62,914,865</u>	<u>66,225,958</u>	<u>70,034,398</u>	<u>69,662,450</u>
Expenditures				
Current				
Public safety	15,278,654	16,764,510	18,652,246	19,535,369
Public works	11,860,004	10,723,527	21,301,239	11,605,567
Health and social services	749,435	721,906	662,231	715,598
Culture and recreation	7,515,522	7,470,264	8,180,832	9,998,462
Community and economic development	9,010,868	11,924,011	9,825,470	9,981,645
General government	3,835,609	4,227,335	4,022,785	4,090,866
Debt service				
Principal	2,009,986	2,117,773	1,769,960	1,325,970
Interest	1,668,019	1,304,802	1,240,427	1,493,504
Capital projects	<u>9,930,311</u>	<u>6,865,119</u>	<u>8,226,840</u>	<u>14,528,340</u>
Total expenditures	<u>61,858,408</u>	<u>62,119,247</u>	<u>73,882,030</u>	<u>73,275,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,056,457</u>	<u>4,106,711</u>	<u>(3,847,632)</u>	<u>(3,612,871)</u>
Other Financing Sources (Uses)				
Issuance of bonds	-	-	-	13,682
Discount on bonds	-	-	(58,487)	-
Premiums on bonds	-	-	-	-
Issuance of refunding bonds	150,000	795,000	7,277,665	1,515,750
Payment to refunded bonds escrow agent	(150,000)	-	-	(1,494,371)
Transfers in	5,367,986	8,662,300	12,981,655	7,334,605
Transfers out	(21,073,805)	(15,060,669)	(16,105,184)	(11,904,890)
Sale of capital assets	117,239	264,344	170,642	150,491
Total other financing sources (uses)	<u>(15,588,580)</u>	<u>(5,339,025)</u>	<u>4,266,291</u>	<u>(4,384,733)</u>
Net change in fund balances	<u>\$ (14,532,123)</u>	<u>\$ (1,232,314)</u>	<u>\$ 418,659</u>	<u>\$ (7,997,604)</u>
Debt service as a percentage of noncapital expenditures	7.37%	6.32%	5.46%	4.99%

TABLE 4

2007	2008	2009	2010
\$ 32,526,525	\$ 33,898,692	\$ 34,454,146	\$ 36,252,156
586,459	177,585	250,372	318,178
1,052,896	1,153,429	1,088,386	1,115,472
16,744,703	14,256,523	15,796,822	27,310,624
7,351,191	7,833,151	8,029,189	8,063,284
158,360	188,603	199,839	224,601
1,913,420	2,731,953	2,206,382	1,348,615
1,168,463	6,134,002	1,369,759	2,333,995
15,556,551	15,346,468	9,627,391	8,209,761
1,149,546	1,269,376	1,600,679	2,111,834
<u>78,208,114</u>	<u>82,989,782</u>	<u>74,622,965</u>	<u>87,288,520</u>
20,743,196	21,542,661	21,335,192	21,979,729
12,506,378	16,331,107	14,261,551	19,251,625
783,209	797,644	815,873	813,609
10,244,244	10,277,787	12,227,506	14,909,517
11,695,902	11,847,512	11,953,279	14,654,816
4,441,043	6,310,939	5,836,839	6,368,308
1,663,339	1,762,375	2,169,678	2,651,765
1,412,012	2,406,431	3,095,166	3,145,735
8,227,257	15,351,848	24,274,120	14,831,118
<u>71,716,580</u>	<u>86,628,304</u>	<u>95,969,204</u>	<u>98,606,222</u>
<u>6,491,534</u>	<u>(3,638,522)</u>	<u>(21,346,239)</u>	<u>(11,317,702)</u>
743,591	23,083,696	5,905,000	4,722,176
-	(266,158)	(48,516)	(31,990)
-	-	-	554,796
-	2,965,000	-	8,885,000
-	(2,875,000)	-	(9,405,000)
10,394,726	14,801,589	7,451,152	7,993,297
(11,789,548)	(18,185,109)	(9,084,228)	(10,562,137)
2,811,483	2,901,190	593,956	62,610
2,160,252	22,425,208	4,817,364	2,218,752
<u>\$ 8,651,786</u>	<u>\$ 18,786,686</u>	<u>\$ (16,528,875)</u>	<u>\$ (9,098,950)</u>
5.01%	6.55%	7.68%	7.74%

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		
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
2006	2008	1,823,304	2,870,178	8,939	1,814,365	2,870,178		63.21	10.31690
2007	2009	1,949,071	3,171,681	9,298	1,939,773	3,171,681		61.16	9.96904
2008	2010	2,033,135	3,239,112	9,246	2,023,889	3,239,112		62.48	9.85777

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
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
2006	2008	10.31690	16.40925	0.63160	0.61270	6.42691	34.39736	29.99
2007	2009	9.96904	16.89000	0.95250	0.55713	6.41459	34.78326	28.66
2008	2010	9.85777	16.87918	0.57970	0.99471	6.40435	34.71571	28.40

Separate components of the Dubuque City Rate is as follows:

Levy Year	Fiscal Year	General	Public Transit	Insurance	Employee Benefits	Debt Service	Total
1999	2001	\$ 8.10000	\$ 0.35785	\$ 0.15853	\$ 1.24098	\$ 1.20976	\$ 11.06712
2000	2002	8.10000	0.26680	0.15287	1.53298	0.70815	10.76080
2001	2003	8.10000	0.31269	0.14642	1.24862	0.40427	10.21200
2002	2004	8.10000	0.32633	0.17342	1.51270	0.16058	10.27303
2003	2005	8.10000	0.37993	0.20994	1.25424	0.12789	10.07200
2004	2006	8.10000	0.42561	0.22000	0.95349	-	9.69910
2005	2007	8.10000	0.53643	0.21308	1.13082	-	9.98033
2006	2008	8.10000	0.60729	0.21760	1.39201	-	10.31690
2007	2009	8.10000	0.66727	0.08685	1.11492	-	9.96904
2008	2010	8.10000	0.60000	0.21492	0.90583	0.03702	9.85777

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

Taxpayer	2010			2001		
			Percentage of			
			Total City		Total City	
	Taxable	Assessed	Taxable	Assessed	Taxable	Assessed
Assessed Value	Rank	Value	Assessed Value	Rank	Value	
Peninsula Gaming Company	\$ 56,784	1	1.75 %			
Kennedy Mall	31,133	2	.96	\$ 19,990	1	.95 %
Medical Associates Realty LP	19,157	3	.59	17,646	2	.84
Otto A LLC	17,500	4	.54			
Nordstrom, Inc.	16,884	5	.52	14,193	3	.67
The McGraw Hill Companies Inc.	14,440	6	.45	7,685	6	.36
Platinum Holdings LLC	11,179	7	.35			
Minglewood Limited Partnership	9,948	8	.31			
Asbury Dubuque LLC	9,925	9	.31			
Lexington Dubuque LLC	9,844	10	.30			
U.S. West Communications				8,476	4	.40
Plaza 20 Inc.				7,861	5	.37
A.Y. McDonald Manufacturing Co.				7,490	7	.35
American Trust & Savings Bank				7,378	8	.35
Plastic Center, Inc.				6,927	9	.33
Georgia-Pacific Corp./Color-Box, LLC				6,378	10	.30
	\$ 196,794		6.08%	\$ 104,024		4.92%

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
						97.8%	99.5		
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	
2008	18,211	18,160	99.7	3	18,163	99.7	215	1.2	
2009	18,992	18,670	98.3	5	18,675	98.3	262	1.4	
2010	19,124	19,117	99.9	(10)	19,107	99.9	202	1.1	

(1) Includes tax increment levy.

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

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	General Obligation Bonds	Tax Increment Financing Bonds	Tax Increment Financing Notes	Loans Payable	General Obligation Bonds	Capital Loan Notes	Revenue Bonds	Loans Payable
2001	\$ 3,405,000	\$ 5,963,585	\$ -	\$ -	\$ 9,005,000	\$ -	\$ 1,890,000	\$ -
2002	20,945,000	5,873,155	-	-	3,105,000	-	1,720,000	-
2003	19,865,000	4,943,169	-	-	5,140,000	-	1,540,000	-
2004	19,010,000	3,820,394	655,000	-	6,660,000	-	1,350,000	-
2005	24,960,000	3,450,820	622,211	-	8,090,000	-	1,150,000	-
2006	24,165,750	3,040,304	590,439	-	11,619,250	-	940,000	-
2007	22,990,000	2,594,831	1,279,885	-	11,090,000	-	720,000	-
2008	21,860,000	25,136,402	1,279,636	-	11,570,000	611,977	490,000	-
2009	26,080,000	24,611,676	1,169,684	150,000	14,655,000	3,914,076	1,445,000	390,890
2010	27,540,000	24,689,216	1,049,696	282,857	24,225,000	8,289,621	1,125,000	371,978

Note: 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.

TABLE 9

Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 20,263,585	0.864%	351
31,643,155	1.307%	549
31,488,169	1.264%	546
31,495,394	1.168%	546
38,273,031	1.363%	663
40,355,743	1.353%	700
38,674,716	1.258%	670
60,948,015	1.901%	1,057
72,416,326	2.241%	1,255
87,573,368	*	1,518

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

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
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
2008	21,860	1,814,365	1.20%	2,870,178	0.76%	379
2009	26,080	1,939,773	1.34%	3,171,681	0.82%	452
2010	27,540	2,023,899	1.36%	3,239,112	0.85%	477

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

CITY OF DUBUQUE, IOWA**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****AS OF JUNE 30, 2010****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	\$ 27,540,000	(1) 100.00%	\$ 27,540,000
Overlapping:			
Dubuque County	480,000	57.02	273,696
Dubuque Community School District	-	-	-
Northeast Iowa Community College	<u>34,065,000</u>	22.64	<u>7,712,316</u>
Total Overlapping	<u>34,545,000</u>		<u>7,986,012</u>
Total	<u>\$ 62,085,000</u>		<u>\$ 35,526,012</u>

Source: Dubuque County Auditor, Dubuque Community School District 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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debit limit	\$ 100,745	\$ 102,359	\$ 115,896	\$ 117,516	\$ 133,149	\$ 138,789	\$ 145,401	\$ 148,824	\$ 163,621	\$ 167,247
Total net debt applicable to limit	<u>18,687</u>	<u>30,250</u>	<u>30,271</u>	<u>30,185</u>	<u>37,177</u>	<u>39,443</u>	<u>38,060</u>	<u>60,485</u>	<u>76,182</u>	<u>101,152</u>
Legal debit margin	<u>\$ 82,058</u>	<u>\$ 72,109</u>	<u>\$ 85,625</u>	<u>\$ 87,331</u>	<u>\$ 95,972</u>	<u>\$ 99,346</u>	<u>\$ 107,341</u>	<u>\$ 88,339</u>	<u>\$ 87,439</u>	<u>\$ 66,095</u>
Total net debt applicable to the debt limit as a percentage of debt limit	18.55%	29.55%	26.12%	25.69%	27.92%	28.42%	26.18%	40.64%	46.56%	60.48%

Legal Debt Margin Calculation for Fiscal Year 2010

Estimated actual value	<u>\$ 3,344,949,236</u>
Debt limit - 5% of total actual valuation	\$ 167,247,462
Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund)	<u>101,152,438</u>
Legal debt margin	<u>\$ 66,095,024</u>

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

TABLE 13

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Next Fiscal Year's Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
WATER UTILITY							
2008	\$ 4,933	\$ 3,959	\$ 974	\$ 39	\$ 27	\$ 66	14.76
2009	5,391	5,196	195	104	99	203	0.96
2010	5,353	5,153	200	108	79	187	1.07
STORMWATER UTILITY							
2009	2,402	1,309	1,093	75	58	133	8.22
2010	2,357	1,320	1,037	132	110	242	4.29
SEWAGE DISPOSAL WORKS							
2009	6,084	5,093	991	-	7	7	141.57
2010	5,995	5,331	664	144	128	272	2.44
PARKING BONDS							
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
2008	2,224	1,495	729	240	23	263	2.77
2009	2,270	1,412	858	250	12	262	3.27

Parking revenue bonds matured in 2010.

(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.

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>
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
2008		5,020,001		5,481,074
2009		5,358,419		5,821,251
2010		5,503,277		5,851,401

Source: Cash basis receipt ledgers.

CITY OF DUBUQUE, IOWA
WATER METERS BY RATE CLASS
LAST FIVE 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
2008	19,970	1,878	70	45	21,963
2009	20,058	1,895	72	48	22,073
2010	20,204	1,887	71	48	22,210

*Prior five years information not available.

CITY OF DUBUQUE, IOWA
LARGEST WATER AND SEWER CUSTOMERS
FISCAL YEAR 2010

TABLE 16

Customer	Percentage of				Percentage of			
	Water		Total Water		Sewer		Total Sewer	
	Receipts	Rank	Receipts	%	Receipts	Rank	Receipts	%
Rousselot Inc.	\$ 249,865	1	4.54	%	\$ 274,146	1	4.69	%
Loras College	58,423	2	1.06		71,224	5	1.22	
Praire Farms Dairy Inc.	56,896	3	1.03		160,937	2	2.75	
Mercy Medical Center	50,678	4	0.92		77,737	4	1.33	
University of Dubuque	43,467	5	0.79					
Dubuque Community Schools	43,016	6	0.78		48,643	8	0.83	
City of Dubuque Sewer Treatment	40,061	7	0.73					
Inland Protein Corporation	37,366	8	0.68		103,650	3	1.77	
Alliant Power Company	34,393	9	0.62					
Clarke College	31,636	10	0.57					
Tablemound Mobile Home Park					49,543	6	0.85	
Finley Hospital					48,908	7	0.84	
Premier Linen & Dry Cleaning					45,470	9	0.78	
Western Dubuque Biodiesel					42,335	10	0.72	
Total Receipts	\$ 5,503,277						\$ 5,851,401	

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

TABLE 17

Year	Population	Personal Income	Per Capital	Median	Public School Enrollment	Unemployment Rate (4)
			Personal Income (1)			(3)
Year	Population	Personal Income	Per Capital Personal Income (1)	Median Age (2)	Public School Enrollment (3)	Unemployment Rate (4) %
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	3,074,666,000	33,290	37	10,727	3.7
2008	57,686	3,206,000,000	34,571	38	10,614	3.8
2009	57,686	3,231,613,000	34,571	37	10,697	6.2
2010	57,686	*	*	37	10,517	6.4

Sources:

- (1) U.S. Department of Commerce, Bureau of Economic Analysis.
- (2) Bureau of Census: 2000 Census.
- (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 2002

TABLE 18

Employer	2010			2002		
	# of	Percentage of		# of	Percentage of	
		Employees	Rank	Total City	Employees	Total City
John Deere (2)	1,800	1	3.40 %	1,800	1	3.35 %
Dubuque Community Schools	1,627	2	3.07	1,410	2	2.85
Mercy Medical Center	1,324	3	2.50	1,340	3	2.49
IBM (3)	1,300	4	2.45			
Finley Hospital	920	5	1.74	760	6	1.41
Eagle Window & Door	750	6	1.42	700	7	1.30
Medical Associates	743	7	1.40	1,007	5	1.87
City of Dubuque	664	8	1.25	519	10	.97
Prudential Retirement	550	9	1.04			
Dubuque Racing Association	500	10	.94			
Holy Family Catholic Schools	500	10	.94			
CIGNA Retirement				625	8	1.16
Diamond Jo				620	9	1.15
McCoy Group (4)				1,200	4	2.23
	<u>10,678</u>			<u>9,981</u>		

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) Anticipated employment. Actual number not available at this time.

(4) McCoy Group in 2002 includes all employees not just City of Dubuque.

2001 information was not available to show information from nine years ago. 2002 information has been shown for comparison instead.

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

TABLE 19

	Full-Time Equivalent Employees as of June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Emergency Communications	10.00	10.00	10.00	10.00	10.00	11.00	11.00	11.00	13.00	13.00
Fire	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Police	95.00	96.00	97.00	97.00	97.00	99.00	100.00	101.00	108.67	110.84
Building Services	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00
Public Works										
Public Works	81.00	83.00	86.02	87.30	88.55	87.00	87.00	87.00	88.00	87.42
Engineering	24.00	24.00	24.00	24.00	24.00	25.00	25.00	25.00	26.00	26.00
Health & Social Services										
Health Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Human Rights	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Culture and Recreation										
Civic Center	9.15	9.15	9.15	9.15	9.15	1.15	0.15	0.15	0.15	0.15
Library	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Park	20.92	21.92	21.92	21.92	21.92	21.92	21.92	21.92	21.92	22.51
Recreation	8.93	8.93	8.93	8.93	8.93	8.93	7.93	7.93	7.93	8.43
Community & Economic Development										
Community / Economic Dev	5.00	5.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Housing Services	18.00	20.00	20.25	20.00	21.00	21.00	20.25	18.00	22.00	22.00
Planning Services	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00
General Government										
Airport	13.00	13.00	14.00	13.00	13.00	13.00	13.23	12.00	12.00	12.00
Cable TV	3.00	3.00	2.00	2.00	2.00	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	9.00	9.00	11.00	10.00	10.00	11.00	11.00	11.00	13.50	15.00
Finance	16.00	16.00	16.00	15.00	14.00	14.00	14.00	14.00	14.00	14.00
Legal	2.00	2.00	2.00	2.00	2.00	2.62	3.00	3.00	4.00	4.66
Information Services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00
Business Type										
Water	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	24.00
Water Pollution Control	19.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Parking	9.00	11.00	11.50	10.50	10.50	8.00	8.00	7.00	7.50	9.00
Transit	12.00	7.50	8.00	7.00	7.00	8.55	8.00	7.00	7.00	6.00
Total	516.00	518.50	523.77	519.80	521.05	518.17	516.48	512.00	532.67	539.01

Source: City Budget Records.

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

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Public Safety					
Police					
Physical arrests ¹	2,564	-	4,000	4,550	4,795
Traffic violations ²	-	2,462	2,126	2,427	2,171
Parking violations ³	-	-	51,162	49,985	51,004
Fire					
Number of calls answered	3,736	4,774	3,974	4,181	4,300
Inspections conducted	805	841	524	408	1,135
Sewer					
Sewage system					
Daily average treatment in gallons	9,000,000	9,000,000	8,000,000	8,000,000	8,500,000
Maximum daily capacity of treatment plant in gallons	15,000,000	15,000,000	15,000,000	15,000,000	13,500,000
Water systems					
Daily average consumption in gallons	8,000,000	8,000,000	8,000,000	8,000,000	7,720,000
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	13,979	13,594	10,435	10,330	10,428

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				
2006	2007	2008	2009	2010
4,790	5,078	5,090	6,325	6,365
2,111	1,986	6,881	8,801	8,901
46,575	42,530	40,741	36,457	37,056
4,176	4,454	4,699	4,480	4,557
409	360	624	443	1,035
8,500,000	8,000,000	10,310,000	7,981,000	9,068,000
13,500,000	13,500,000	13,500,000	21,131,000	21,131,000
8,057,000	7,950,000	7,812,000	7,845,000	7,684,000
18,000,000	18,000,000	17,000,000	18,000,000	18,000,000
10,573	10,807	11,798	10,774	10,615

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	18	18	18	18	19
Fire					
Stations	6	6	6	6	6
Aerial trucks	3	3	3	3	3
Public works					
Streets					
Miles (1)	*	*	273	290	290
Street lights (1)	1,191	1,195	1,500	1,591	1,631
Health and social services					
Hospital	2	2	2	2	2
Number of patient beds	478	478	584	560	421
Cultural and recreation					
Library	1	1	1	1	1
Golf	1	1	1	1	1
Parks	38	39	42	42	44
Acreage	833	834	850	850	855
Recreation					
Civic center	1	1	1	1	1
Swimming pools	2	2	2	2	2
Softball fields	7	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	20,550	20,200	20,800	21,000	21,000
Water systems					
Miles of water mains	302	305	305	310	312
Number of service connectors	21,000	20,550	21,032	21,206	21,016
Number of city owned fire hydrants	2,685	2,712	2,713	2,736	2,770

Sources: Various City Departments.

(1) City GIS System.

* Information not available.

TABLE 21

Fiscal Year				
2006	2007	2008	2009	2010
1 19	1 19	1 19	1 19	1 22
6 3	6 3	6 3	6 3	6 3
295 1,755	307 1,802	317 1,855	320 1,877	321 1,916
2 421	2 405	2 405	2 405	2 389
1 1 44 845	1 1 47 898	1 1 47 898	1 1 47 898	1 1 48 901
1 2 7 1 19	1 2 8 1 19	1 2 7 1 20	1 2 7 1 20	1 2 7 1 20
263 116 1 21,443	286 120 1 21,568	290 122 1 21,633	295 143 1 21,347	300 144 1 21,599
313 21,257 2,780	315 21,210 2,798	316 21,243 2,812	317 21,347 2,831	318 21,986 2,843

Compliance Section
June 30, 2010

City of Dubuque, Iowa



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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated January 21, 2011. 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.

The financial statements of Dubuque Initiatives and Subsidiaries, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to those financial statements.

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 an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-10 and II-B-10 to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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, and 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 "Eddie Saurly LLP". The signature is fluid and cursive, with "Eddie" and "Saurly" connected by a flourish, and "LLP" written in a smaller, more formal script to the right.

Dubuque, Iowa
January 21, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Dubuque, Iowa, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the *City of Dubuque, Iowa*, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Eddie Baily LCP". The signature is fluid and cursive, with "Eddie" and "Baily" connected, and "LCP" in a smaller, separate block.

Dubuque, Iowa
January 21, 2011

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Commerce Direct Program Economic Development - Support for Planning Organizations	11.302		<u>\$ 7,727</u>
U.S. Department of Housing and Urban Development Direct Program Community Development Block Grants/Entitlement Grants	14.218		724,747
Community Development Block Grants/Entitlement Grants	14.218		1,171,026
Pass-Through Program From Iowa Department of Economic Development ARRA - Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-NSP-019	130,097
Direct Program Shelter Plus Care	14.238		46,685
ARRA - Community Development Block Grant ARRA Entitlement Grants	14.253		235,588
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257		166,788
Fair Housing Assistance Program - State and Local	14.401		25,678
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856		83,508
Section 8 Housing Choice Vouchers	14.871		685,872
Section 8 Housing Choice Vouchers	14.871		216
Section 8 Housing Choice Vouchers	14.871		4,219,332
Section 8 Housing Choice Vouchers	14.871		10,328
Section 8 Housing Choice Vouchers	14.871		35,081
Section 8 Housing Choice Vouchers	14.871		3,281
Section 8 Housing Choice Vouchers	14.871		13,375
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		<u>1,259,008</u>
Total U.S. Department of Housing and Urban Development			<u>8,810,610</u>
U.S. Department of the Interior Direct Program Historic Preservation Fund Grants-In-Aid	15.904		125,000
Pass-Through Program From State Historical Society of Iowa Historic Preservation Fund Grants-In-Aid	15.904	2008-3	16,177
Direct Program Outdoor Recreation Acquisition, Development and Planning	15.916		19,000 (continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of the Interior (continued)			
Pass-Through Program From			
Iowa Department of Natural Resources			
Outdoor Recreation Acquisition, Development and Planning	15.916	19-01272	\$ 156,000
Direct Program	15.929		<u>295,000</u>
Save America's Treasures			
Total U.S. Department of the Interior			<u>611,177</u>
U.S. Department of Justice			
Pass-Through Program From			
Iowa Department of Justice			
Crime Victim Assistance Division			
Violence Against Women Formula Grants	16.588	VW-10-24C	798
Direct Program			
Bulletproof Vest Partnership Program	16.607		68
Bulletproof Vest Partnership Program	16.607		2,069
Bulletproof Vest Partnership Program	16.607		1,917
Pass-Through Program From			
Dubuque County, Iowa Sheriff			
Public Safety Partnership and Community Policing Grants	16.710	09-HOTSPOTS	556
Helping Services of Northeast Iowa, Inc.			
Enforcing Underage Drinking Laws Program	16.727	2007-AHFX0042	2,150
Enforcing Underage Drinking Laws Program	16.727	01-DJ08-F09	4,785
Direct Program			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		72,057
Edward Byrne Memorial Justice Assistance Grant Program	16.738		9,381
Edward Byrne Memorial Justice Assistance Grant Program	16.738		6,521
Pass-Through Program From			
Dubuque County, Iowa Sheriff			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	09 JAG/ARRA-210	42,852
Direct Program			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		<u>171,120</u>
Total U.S. Department of Justice			<u>314,274</u>

(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S Department of Transportation			
Direct Program			
Airport Improvement Program	20.106		\$ 47,499
Airport Improvement Program	20.106		434,783
Airport Improvement Program	20.106		7,521
Airport Improvement Program	20.106		162,909
Pass-Through Program From			
Iowa Department of Transportation			
Highway Planning and Construction	20.205	STP-E-2100(648)-8V-31	11,490
Highway Planning and Construction	20.205	EDP-2100(652)-7Y-31	4,497,283
Highway Planning and Construction	20.205	STP-ES-2100(619)--8I-31	43,990
ARRA - Highway Planning and Construction	20.205	ESL-2100(646)-7S-31	2,909,534
Highway Planning and Construction	20.205	SB-IA-2100(639)-2T-31	183,200
Highway Planning and Construction	20.205	EDP-2100(638)-7Y-31	1,671
Highway Planning and Construction	20.205	STP-U-2100(646)-70-31	150,633
Highway Planning and Construction	20.205	STP-U-2100(641)-70-31	462,757
Highway Planning and Construction	20.205	STP-U-2100(634)--70-31	2,064,097
Direct Program			
Federal Transit-Formula Grants	20.507		978,632
Pass-Through Program From			
Iowa Department of Transportation			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	16-X001-210-07	32,368
Direct Program			
State and Community Highway Safety	20.600		13,622
Occupant Protection Incentive Grants	20.602		9,428
Total U.S. Department of Transportation			<u>12,011,417</u>
Environmental Protection Agency			
Pass-Through Program From			
Iowa Finance Authority			
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-192421-01	729,000
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-192421-01	549,896
Capitalization Grants for Clean Water State Revolving Funds	66.458	PD-CW-06-39	51,345
Capitalization Grants for Clean Water State Revolving Funds	66.458	PD-CW-09-49	215,250
Capitalization Grants for Clean Water State Revolving Funds	66.458	PD-CW-06-39	180
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS 192341-01	1,066
Capitalization Grants for Clean Water State Revolving Funds	66.458	PD-CW-06-41	5,128

(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Environmental Protection Agency (continued)			
Pass-Through Program From (continued)			
Iowa Finance Authority (continued)			
Capitalization Grants for Clean Water State			
Revolving Funds	66.458	PD-CW-06-41	\$ 20,414
Capitalization Grants for Clean Water State			
Revolving Funds	66.458	PD-CW-06-39	3,271
ARRA - Capitalization Grants for Drinking Water			
State Revolving Funds	66.468	FS-31-10-DWSRF-023	472,806
Capitalization Grants for Drinking Water State			
Revolving Funds	66.468	FS-31-10-DWSRF-023	76,760
Capitalization Grants for Drinking Water State			
Revolving Funds	66.468	FS-31-08-DWSRF-002	28,471
Direct Program			
Environmental Education Grants	66.951		14,778
Total Environmental Protection Agency			<u>2,168,365</u>
U.S. Department of Energy			
Direct Program			
ARRA - Energy Efficiency and Conservation			
Block Grant Program	81.128		<u>40,079</u>
U.S. Department of Education			
Pass-Through Program From			
Iowa Department of Transportation			
ARRA - State Fiscal Stabilization Fund (SFSF) -			
Government Services, Recovery Act	84.397	S397A090016A	<u>68,938</u>
U.S. Department of Health and Human Services			
Pass-Through Program From			
Dubuque County, Iowa Health Department			
Public Health Emergency Preparedness	93.069	3109	2,132
Public Health Emergency Preparedness	93.069	5880BT31	<u>20,789</u>
Total U.S. Department of Health and Human Services			<u>22,921</u>
Corporation for National and Community Service			
Pass-Through Program From			
Iowa Commission on Volunteers			
ARRA - AmeriCorps	94.006	09-CR-13	152,051
AmeriCorps	94.006	08-AC-13	54,700
AmeriCorps	94.006	09-AC-13	<u>154,828</u>
Total Corporation for National and Community Service			<u>361,579</u>

(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security Pass-Through Program From Iowa Department of Public Defense Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA DR-1763-DR-IA	\$ 80,891
Iowa Homeland Security and Emergency Management Hazard Mitigation Grant	97.039	HMPG-DR-1705-0035-01	1,465,831
Total U.S. Department of Homeland Security			<u>1,546,722</u>
Total			<u><u>\$ 25,963,809</u></u>

CITY OF DUBUQUE, IOWA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

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 in 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	\$ 131,521
ARRA – Homelessness Prevention and Rapid Re-Housing Program	14.257	\$ 166,032
ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	\$ 58,729

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiency	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Cluster	
14.218	Community Development Block Grants/ Entitlement Grants
14.253	Community Development Block Grant ARRA Entitlement Grants
14.257	Homelessness Prevention and Rapid Re-Housing Program
20.205	Highway Planning and Construction
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
94.006	AmeriCorps
97.039	Hazard Mitigation Grant
Dollar threshold used to distinguish between Type A and Type B programs	\$778,914

Auditee qualified as low-risk auditee

No

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESSES

II-A-10 Preparation of Financial Statements

Criteria – A properly designed system of internal control over financial reporting calls for the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

Condition – 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.

Cause – We recognize that with a limited number of office employees, preparation of the financial statements is difficult.

Effect – The effect of this condition is that the financial reporting is prepared by a party outside of the entity. The outside party does not have the constant contact with ongoing financial transactions that internal staff have.

Recommendation – We recommend that City officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements internally.

Response – The American Institute of Certified Public Accountants implemented new auditing standards in 2007. 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. The current five year audit contractual agreement expires with year ending June 30, 2010, audit and City will review the issue prior to any new agreement. The City implemented procedures to prepare the majority of adjusting journal entries.

Conclusion – Response accepted.

II-B-10 Material Audit Adjustments

Criteria – A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles and the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Condition – During the course of our engagement, we proposed material audit adjustments to the financial statements and Schedule of Expenditures of Federal Awards that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements and Schedule of Expenditures of Federal Awards.

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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

Cause – There is a limited number of office employees with varying levels of experience with the reporting requirements.

Effect – The effect of this condition was financial data not in accordance with generally accepted accounting principles or the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Recommendation – We recommend that finance staff continue to receive relevant training and that management review all documentation completed by staff for use in preparing the financial statements and Schedule of Expenditures of Federal Awards.

Response – Finance staff will review audit findings with the City Grant Committee. Finance continues to improve communication between departments receiving grants, Budget Department and Finance Department, to capture applicable cash and accrual basis information for grants. Finance will complete additional review for debt workpapers for proper classification by fund.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-10 Certified Budget – Disbursements during the year ended June 30, 2010, exceeded the amount budgeted in the community and economic development function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City will continue to educate departments about the necessity of amending the budget for grants and one-time revenues prior to being expended. The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

III-B-10 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-10 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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

III-D-10 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Melissa McGinnis, employee, spouse is owner of Quality Brick	Construction, per bid	\$ 11,857
Laura Carstens, employee, spouse is owner of Mississippi Mud Studios/Clay	Services	1,722
John Hefel, employee, spouse is owner of A Frame of Mind Framing & Gallery	Services	533
Ric Jones, council memeber, owner of RJ Productions	Services	450
Molly Menster, employee, spouse is Tina Sio.	Services	250

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with A Frame of Mind Framing & Gallery, RJ Productions, and Tina Sio do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. The transaction with Quality Brick does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa. The transaction with Mississippi Mud Studios/Clay may represent a conflict of interest.

Recommendation – We recommend the City review the transaction with Mississippi Mud Studios/Clay with legal counsel.

Response – After reviewing the related party transactions with Mississippi Mud Studios/Clay with legal counsel, it has been determined that the transaction does not represent a conflict of interest. Since a Mediacom grant funded the project through their Arts and Cultural program, City funds were not directly utilized. The Mediacom grant funded the project and expenditures.

Conclusion – Response accepted.

III-E-10 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

III-F-10 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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

III-G-10 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-10 Revenue Bonds – No instances of non-compliance with the provisions of the City's Sewage Disposal Works, Stormwater Utility, or Parking Facilities revenue debt resolutions were noted.

The City has created the reserve and sinking funds required by water revenue bond debt covenants. The reserve and sinking funds are appropriately funded at June 30, 2010. In addition, the Water Utility revenue debt covenants include a requirement for the utility to produce net revenues of at least 125% of the current year debt service requirement of the Series 2008 water utility revenue bonds, and all other revenue bonds or notes ranking on a parity with the 2008 water utility revenue bonds. In January of 2011, the City entered into a subordinate agreement with the Iowa Finance Authority (lender for the water revenue capital loan notes) which retroactively subordinates the water revenue capital loan notes in relation to the Series. This agreement allows the City to exclude the water revenue loan notes in the 125% computation until December 31, 2015. By excluding the water revenue capital loan notes, the City meets the 125% requirement for fiscal year 2010.

III-I-10 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 of the Code of Iowa.