



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2008



THE CITY OF
DUBUQUE
Masterpiece on the Mississippi
Iowa

About the Cover:
Entryway to the Port of Dubuque

Photo by:
Pregler Photography

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

CITY OF DUBUQUE, IOWA

**Prepared by:
Department of Finance**

INTRODUCTORY SECTION

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA

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CITY OF DUBUQUE, IOWA

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Finance Department
50 West 13th Street
Dubuque, Iowa 52001-4805
Office (563) 589-4133
Fax (563) 589-6689
TTY (563) 690-6678
finance@cityofdubuque.org
www.cityofdubuque.org

December 16, 2008

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, 2008, 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 2008. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of an annual single audit in conformity with the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and grants, are included in the Compliance Section of this report. The independent auditors report is included in the Financial Section of this report.

This report includes all funds of the City of Dubuque, as well as its component unit. Component units are legally separate entities for which the City of Dubuque is financially accountable. The City provides a full range of services including; police and fire protection, sanitation services, the construction and maintenance of roads, streets, and infrastructure, inspection and licensing functions, maintenance of grounds and buildings, municipal airport, library, recreational activities and cultural events. In addition to general government activities, the municipality owns and operates enterprises for a water system, water pollution control facility, stormwater system,

parking facilities, refuse collection, and public transportation. Also, the governing body is financially accountable for the operations of the Dubuque Library Board, Airport Commission, Civic Center Commission, Cable TV Commission, Transit Board, and the Park and Recreation Commission. These activities are not legally separate entities, and therefore, are included in the reporting entity.

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

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

PROFILE OF THE GOVERNMENT

The City of Dubuque is located on the Mississippi River in northeast Iowa, adjacent to the states of Illinois and Wisconsin. Julien Dubuque began mining lead in the area now known as Dubuque in 1788. Dubuque is the oldest city in Iowa and has a unique combination of the old and new, ranging from cable cars, Victorian architecture, and a Civil War era shot tower, to an enclosed shopping mall, riverboat casino, a pari-mutuel dog track with a casino and the National Mississippi River Museum and Aquarium (a Smithsonian affiliate). Dubuque has a stable and diversified business or economic base and is the major tri-state retail center. Employment growth was strong throughout the year, as Dubuque ended the fiscal year with an unemployment rate of approximately 3.54 percent. The City of Dubuque currently has a land area of 29.94 square miles, and a census 2000 population of 57,686. As the largest city in the tri-state area, Dubuque serves as the hub of a trade area with a population estimated at 250,000.

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

ECONOMIC CONDITION

Significant continued development in the Port of Dubuque has begun or is in final planning stages. Projects include: a \$32 million expansion by the National Mississippi River Museum and Aquarium; an \$80 million Diamond Jo Casino entertainment expansion; a \$60 million Briggs/Durrant mixed-use development project; an \$8 million renovation of City-owned Dubuque Star Brewery by a private developer for office, restaurant, and retail use (complete), and a new \$20 million City parking ramp. The \$32 million McGraw-Hill Higher Education office building and the LEED-certified remodeling of the former Adams facility by Durrant were completed in August 2007 and April 2008, respectively.

Development of the Dubuque Industrial Center West continues with several business expansions underway, including: Kendall/Hunt Publishing (80,000 square foot distribution center); Art's Way Manufacturing; National Dentex; Giese Manufacturing; Dubuque Screw Products; Hormel Foods (340,000 square foot food processing plant); Medline Industries (67,100 square foot office building); ITC Development; Vanguard Countertops (30,200 square foot fabrication building); and Theisen Supply. Many of these projects were completed as of October 2008 with the exceptions of Medline, Vanguard, and Hormel.

The Dubuque Technology Park on the south side of the City had three new facilities completed in 2007 which added 230 new jobs and \$6,000,000 of capital investment (Kunkel, Bounds, and Associates, Sedgwick CMS/Straka Johnson Architects, and Entegee Engineering).

Downtown development continues at a brisk pace with the following projects: the \$7 million expansion by Cottingham and Butler, which will add 90 new jobs and is scheduled to be completed in October 2008; a \$1.5 million restoration of the historic German Bank building was completed in January of 2008; renovation of the former Hartig Drug Stores for a \$2.5 million expansion of McGladrey & Pullen CPA's Dubuque Office was completed in late 2007, and the renovation of the former Interstate Power Company headquarters is scheduled to be completed in December 2008.

A \$6.2 million renovation project at the Carnegie Stout Public Library is scheduled to begin in early 2009.

Conversion of the former Dubuque Casket Factory, a \$6 million project, was completed in spring 2007. The project included 36 apartments and offices for Crescent Community Health Center and Project Concern, a Gronen Restoration project. The Washington Neighborhood revitalization strategy includes more than \$2 million public-private partnership in lending activities to promote home ownership.

The City Council approved a Revitalization Strategy for the Warehouse District in August 2007. The strategy defines six primary goals to be achieved in rehabilitating the area. The revitalization is expected to amount to \$200 million in investment from private and public sectors over the next ten years. A master plan for the redevelopment of the district is expected to be completed by early 2009.

Other major construction projects include completion of the new Athletic and Wellness Center at Loras College in November 2007 and the University of Dubuque Chlapaty Recreation and Wellness Center, which opened in the Fall of 2008. In September 2008, Loras College also proposed construction of the 32 dwelling unit Oaks Housing project on the north side of the campus. Walgreens has begun construction of a new store at the intersection of 20th and Elm Street and will serve as their third location in Dubuque. Additionally, Holiday Inn Express has broken ground on a new hotel on Holliday Drive on the west side of town.

Construction has also begun on two new residential subdivisions. Pebble Cove #1 and #2, located near the southwest corner of the Northwest Arterial and John F. Kennedy Road, will provide 46 new building lots for single and two-family homes. English Ridge subdivision, located east of the intersection of U.S. 20 and Stone Valley Drive, will create 45 single-family lots. A third new subdivision named North Fork Trails is close to being approved. North Fork Trails will provide 17 building lots for two-family homes and will incorporate sustainable land management and building construction practices on an infill site located at the end of Keymont Drive.

Demolition was recently 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.

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

- **2008 Most Livable Small City in the U.S.**, by the U.S. Conference of Mayors;
- One of the **2008 & 2007 100 Best Communities for Young People**, by America's Promise Alliance for Youth;
- **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;
- **Ranked 22nd for job growth among 387 U.S. cities between 2005 and October 2006**, by Moody's/Economy.com; and
- **Ranked 18th in nation in 2008's “Best Small Places for Business and Careers”**, by Forbes magazine.

The operation of an expanded land-base Diamond Jo Casino in December, 2008 may have a negative impact on City revenue from Dubuque Greyhound Park and Casino. However, a plan to address this impact was approved by the City Council as part of the FY 2009 budget process.

MAJOR INITIATIVES

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

The Dubuque Regional Airport inaugurated service from Northwest Airlines through their Minneapolis, MN hub beginning in June 2008. This service is in addition to the regional jet service from American Airlines through their Chicago hub. The land required to support the new airline terminal as depicted in the FAA approved Airport Layout Plan has entered the eminent domain phase and final disposition of the land should be resolved in 2009. This action will lead to the funding and implementation of the planned airport expansion and upgrade.

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

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

- Improved Connectivity: Transportation and Telecommunications
- Diverse, Strong Dubuque Economy
- Planned and Managed Growth
- Partnering for a Better Dubuque
- Sustainable City

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, 2008, 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 \$3,926,402 for the year.

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

Risk Management. The City of Dubuque is a member of a statewide risk pool for local governments, the Iowa Communities Assurance Pool (ICAP). The coverage for general and auto liability, as well as public official and police professional liability are acquired through this pool. Worker's compensation coverage up to \$450,000 for each accident is provided through self-insurance. The accumulated reserve provision for such claims reflected a \$119,142 deficit as of

June 30, 2008. Provision for three large 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 \$3,334,742 as of June 30, 2008. All self-insured health plans are certified as actuarially sound and certificates of compliance have been filed with the State of Iowa.

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

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dubuque, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This was the 20th 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.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Recognition for Budget Preparation to the City of Dubuque, Iowa, for its annual budget for the fiscal year ended June 30, 2008. In addition we received the award for the fiscal year ending June 30, 2009. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. This award is valid for a period of one year.

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

Sincerely,

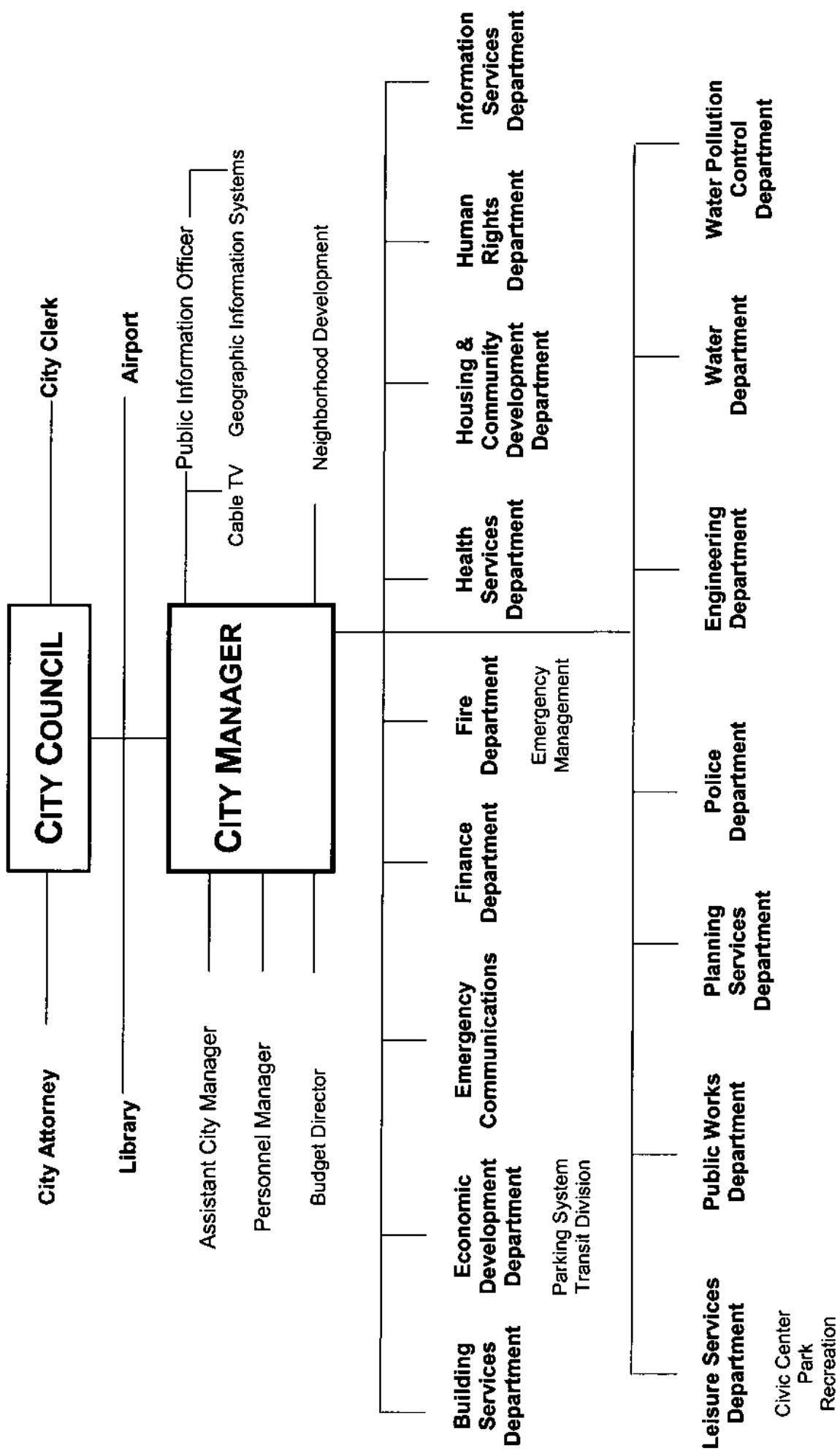


Michael C. Van Milligen
City Manager



Kenneth J. TeKippe, CPA
Finance Director

CITY OF DUBUQUE ORGANIZATIONAL CHART



CITY OF DUBUQUE, IOWA

OFFICIALS

JUNE 30, 2008

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
Gil D. Spence
Susan A. Henricks
Donald J. Vogt
Laura B. Carstens
Kim B. Wadding
Gus N. Psihoyos
Robert M. Green
Jonathan R. Brown

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Dubuque
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2007

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.



Oliver S. Cox

President

Jeffrey R. Ecker

Executive Director

FINANCIAL SECTION

CITY OF DUBUQUE, IOWA



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Dubuque, Iowa. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2008, 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.

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is fluid and cursive, with "Eide" and "Baily" connected, and "LLP" in a slightly different, more formal script.

Dubuque, Iowa
December 16, 2008

**CITY OF DUBUQUE, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008**

This section of the City of Dubuque annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2008. 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 \$454,073,902 (net assets). This was an increase of \$16,020,278 over net assets at June 30, 2007. Unrestricted net assets at June 30, 2008 in the amount of \$30,300,647 may be used to meet the City's ongoing obligations to citizens and creditors.
- The expenses of the general fund exceeded revenues by \$2,151,941.
- The ending general fund balance was \$19,681,841.
- Within the City's business-type activities, revenues exceeded expenses and transfers by \$3,719,136.
- For the year, the revenues of the City's governmental activities exceeded expenses and transfers by \$12,301,142.
- The City's debt increased by \$22,037,072 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 one other legally separate entity, the Dubuque Metropolitan Area Solid Waste Agency, for which the City of Dubuque is considered financially accountable. Financial information for the Agency is reported separately from the financial information presented for the primary government. The Dubuque Metropolitan Area Solid Waste Agency issues separate financial statements.

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. As noted earlier, net assets may serve as a useful indicator of a government's financial position when observed over time. In the case of the City, assets exceeded liabilities by \$454,073,902 at the close of the most recent fiscal year.

The largest part of the City's net assets (86.2%) 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 97,492,862	\$ 76,852,268	\$ 13,705,545	\$ 16,342,247	\$ 111,198,407	\$ 93,194,515
Capital assets	325,611,587	310,552,621	107,186,474	100,384,974	432,798,061	410,937,595
Total assets	423,104,449	387,404,889	120,892,019	116,727,221	543,996,468	504,132,110
Long-term liabilities	50,451,804	29,187,528	12,817,868	11,897,067	63,269,672	41,084,595
Other liabilities	25,550,629	23,416,487	1,102,265	1,577,404	26,652,894	24,993,891
Total liabilities	76,002,433	52,604,015	13,920,133	13,474,471	89,922,566	66,078,486
Net assets:						
Invested in capital assets,						
net of related debt	296,143,451	288,978,975	95,104,575	91,483,532	391,248,026	380,462,507
Restricted	31,970,724	23,900,328	554,505	554,318	32,525,229	24,454,646
Unrestricted	18,987,841	21,921,571	11,312,806	11,214,900	30,300,647	33,136,471
Total net assets	\$ 347,102,016	\$ 334,800,874	\$ 106,971,886	\$ 103,252,750	\$ 454,073,902	\$ 438,053,624

A portion of the City's net assets (7.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets (6.7%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the close of fiscal years 2008 and 2007, the City is able to report positive balances in all three categories of net assets, both for the government as a whole and separate governmental and business-type activities.

Governmental activities. Governmental activities increased the net assets of the City by \$12,301,142 or 76.8% of the total increase in net assets in 2008 and \$30,212,972 or 97.9% of the total increase in net assets in 2007. Taxes are the largest source of governmental revenues with property taxes of \$22,744,563 in 2008. Other governmental revenues included gaming of \$15,346,468, local option sales taxes of \$8,020,889, hotel/motel tax of \$1,622,455, and \$9,643,066 of charges for services.

Governmental expenses during 2008 totaled \$67,814,257. The largest programs were public safety of \$16,966,210, public works of \$18,847,068, community and economic development of \$11,961,584 and culture and recreation of \$10,857,409. The State of Iowa changed the reporting requirements for expenses from four to eight programs effective with the 2003 fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues						
Charges for services	\$ 9,643,066	\$ 10,023,217	\$ 17,176,090	\$ 16,090,766	\$ 26,819,156	\$ 26,113,983
Operating grants and contributions	11,709,123	11,641,904	1,209,636	1,167,344	12,918,759	12,809,248
Capital grants and contributions	8,032,602	23,741,282	2,830,263	1,670,874	10,862,865	25,412,156
General revenues						
Property taxes	22,744,563	21,656,908	-	-	22,744,563	21,656,908
Local option sales tax	8,020,889	7,817,403	-	-	8,020,889	7,817,403
Hotel/motel tax	1,622,455	1,569,743	-	-	1,622,455	1,569,743
Utility franchise fees	1,516,123	1,492,920	-	-	1,516,123	1,492,920
Gaming	15,346,468	15,556,551	-	-	15,346,468	15,556,551
Unrestricted investment earnings	2,741,499	1,870,403	630,049	796,636	3,371,548	2,667,039
Gain on sale of capital assets	92,525	-	11,736	-	104,261	-
Other	898,241	586,931	-	-	898,241	586,931
Total revenues	82,367,554	95,957,262	21,857,774	19,725,620	104,225,328	115,682,882
Expenses:						
Public safety	16,966,210	20,326,724	-	-	16,966,210	20,326,724
Public works	18,847,068	16,506,560	-	-	18,847,068	16,506,560
Health and social services	800,566	759,367	-	-	800,566	759,367
Culture and recreation	10,857,409	9,837,299	-	-	10,857,409	9,837,299
Community and economic development	11,961,584	11,965,805	-	-	11,961,584	11,965,805
General government	5,804,003	4,940,154	-	-	5,804,003	4,940,154
Interest on long-term debt	2,577,417	1,400,748	-	-	2,577,417	1,400,748
Sewage disposal works	-	-	6,141,524	5,814,076	6,141,524	5,814,076
Water utility	-	-	4,814,692	4,780,063	4,814,692	4,780,063
Stormwater utility	-	-	1,706,735	1,198,675	1,706,735	1,198,675
Parking facilities	-	-	2,173,110	1,611,447	2,173,110	1,611,447
America's River Project	-	-	126,699	434,667	126,699	434,667
Refuse collection	-	-	2,724,050	2,496,018	2,724,050	2,496,018
Transit system	-	-	2,703,983	2,760,459	2,703,983	2,760,459
Total expenses	67,814,257	65,736,657	20,390,793	19,095,405	88,205,050	84,832,062
Increase in net assets before transfers						
Transfers	14,553,297	30,220,605	1,466,981	630,215	16,020,278	30,850,820
Transfers	(2,252,155)	(7,633)	2,252,155	7,633	-	-
Increase (decrease) in net assets	12,301,142	30,212,972	3,719,136	637,848	16,020,278	30,850,820
Net assets, beginning	334,800,874	304,587,902	103,252,750	102,614,902	438,053,624	407,202,804
Net assets, ending	\$ 347,102,016	\$ 334,800,874	\$ 106,971,886	\$ 103,252,750	\$ 454,073,902	\$ 438,053,624

Business-type activities. Business type activities increased net assets by \$3,719,136 while the City's net assets increased by \$16,020,278 at June 30, 2008.

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 \$66,910,216 at June 30, 2008. A portion of the fund balance is reserved and not available for new spending because it has already been committed for encumbrances, endowments, debt service and state statute restricted purposes.

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

The unreserved fund balance of special revenue employee benefits fund increased by \$10,242 to \$117,274. The unreserved fund balance of special revenue community development decreased by \$594,753 to \$2,158,078.

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, 2008 totaled \$106,971,886 of which 10.6% (\$11,312,806) is unrestricted. The net assets of the internal service funds are \$3,418,227 a \$593,727 increase from the 2007 total net assets. The unrestricted net assets of the internal service funds are \$3,366,107 (98.5%). The increase in internal service funds is primarily due to favorable results in the employee health insurance reserve fund.

The sewer disposal works had an increase in net assets of \$353,183 for total net assets of \$39,445,257 at June 30, 2008. The water utility had an increase in net assets of \$500,745 for total net assets of \$24,624,242. The storm water utility had an increase in net assets of \$1,943,316 for total net assets of \$24,033,641. The parking facilities had an increase in net assets of \$1,033,643 for total net assets of \$15,163,116. The America's River Project had an increase in net assets of \$106,667 for total net assets deficit of \$30,947.

BUDGETARY HIGHLIGHTS

There were two amendments to the City's 2007-2008 budget. The first amendment was passed in October 2007 to reflect operating and capital budget carryovers (continuing appropriation authority) from 2007 and amends the FY 2008 budget for operating and capital City Council actions since the beginning of the fiscal year. The second budget amendment was passed in May 2008 to reflect City Council actions since the first budget amendment and amendments to add additional appropriation authority due to increased revenues.

The final budget for total receipts increased by \$30,027,918. 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 \$65,175,509 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 receipts were \$29,154,187 less than the final amended budget, and expenditures were \$68,475,319 less than the final amended budget due primarily to projected capital projects not completed by fiscal year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$432,798,061 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. Additional information on the City's assets can be found in the note 5 to the financial statements in this report.

CAPITAL ASSETS (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 57,171,699	\$ 51,912,748	\$ 3,364,857	\$ 3,364,857	\$ 60,536,556	\$ 55,277,605
Buildings	106,145,708	101,663,541	61,828,335	60,964,620	167,974,043	162,628,161
Improvements other than buildings	15,245,857	15,028,954	62,082,852	55,727,107	77,328,709	70,756,061
Machinery and equipment	28,679,138	25,636,645	49,217,914	47,778,284	77,897,052	73,414,929
Infrastructure	187,542,063	178,774,083	-	-	187,542,063	178,774,083
Construction in progress	14,044,930	16,067,956	6,390,937	5,298,854	20,435,867	21,366,810
Accumulated depreciation	(83,217,808)	(78,531,306)	(75,698,421)	(72,748,748)	(158,916,229)	(151,280,054)
	\$ 325,611,587	\$ 310,552,621	\$ 107,186,474	\$ 100,384,974	\$ 432,798,061	\$ 410,937,595

Major expenditures during 2007-2008 were for Historic Federal Building renovations; Bee Branch Storm Water Project, multifunction copiers, parking lot at City Hall, Port of Dubuque Parking Ramp, Cedar Street Lift Station, and streets, water and sewer projects.

Long-term debt. At year end the City had \$60,398,027 of debt outstanding. This is an increase of \$22,037,072 from June 30, 2007. New debt issued during the current year included general obligation bonds for sewer improvements of \$1,055,000 and refinancing \$2,965,000 of existing debt at more favorable rates. The City's bond rating was Aa2 for these issues. \$23,025,000 of urban renewal tax increment revenue bonds were issued for Port of Dubuque parking ramp. The City also received disbursements from the State Revolving Fund construction loan program of \$453,336 for drinking water, \$19,113 storm water and \$56,538 sewer projects. An additional \$83,989 disbursement was taken from the SRF planning loans program for sewer project.

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 \$148,824,003. With general obligation debt of \$60,484,713 we are utilizing 40.64% of this limit. Additional information on the City's long-term debt can be found in note 6 of this report.

ECONOMIC FACTORS

The City's unemployment rate ended the fiscal year at 3.8%, a .1% increase from the prior year, and is slightly lower than the State of Iowa rate of 4.0 %, and lower than the 5.5% national rate.

The City continues to enjoy growth in assessed valuation of taxable property net of exemptions (2.4% for total of \$1,814,365,000). In fiscal year 2008, the minimum monthly refuse rate increased \$0.43 to \$9.89, sewer rates increased 5%, water rates increased 5% and the storm water monthly fee increased \$1.00 to \$3.25 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

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2008

EXHIBIT 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan
				Area Solid Waste Agency
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	\$ 39,784,125	\$ 9,915,602	\$ 49,699,727	\$ 7,168,906
Receivables				
Property tax				
Delinquent	237,828	-	237,828	-
Succeeding year	18,963,071	-	18,963,071	-
Accounts and other	2,146,076	2,463,612	4,609,688	250,525
Special assessments	328,204	-	328,204	-
Accrued interest	302,357	62,102	364,459	163,657
Notes	610,311	-	610,311	-
Intergovernmental	3,238,706	976,184	4,214,890	-
Internal balances	735,095	(735,095)	-	-
Inventories	283,608	463,296	746,904	-
Prepaid items	33,757	5,339	39,096	55,286
Total Current Assets	66,663,138	13,151,040	79,814,178	7,638,374
NONCURRENT ASSETS				
Temporarily restricted cash and pooled cash investments	20,610,313	554,505	21,164,818	3,625,224
Permanently restricted cash and pooled cash investments	88,061	-	88,061	-
Notes receivable	10,131,350	-	10,131,350	-
Capital assets				
Land	57,171,699	3,364,857	60,536,556	1,586,092
Buildings	106,145,708	61,828,335	167,974,043	65,922
Improvements other than buildings	15,245,857	62,082,852	77,328,709	7,468,652
Machinery and equipment	28,679,138	49,217,914	77,897,052	2,361,686
Infrastructure	187,542,063	-	187,542,063	-
Construction in progress	14,044,930	6,390,937	20,435,867	-
Accumulated depreciation	(83,217,808)	(75,698,421)	(158,916,229)	(7,085,925)
Total Noncurrent Assets	356,441,311	107,740,979	464,182,290	8,021,651
Total Assets	423,104,449	120,892,019	543,996,468	15,660,025

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2008

EXHIBIT 1
(continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Dubuque Metropolitan Area Solid Waste Agency
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 4,694,165	\$ 847,782	\$ 5,541,947	\$ 93,415
Accrued payroll	945,379	208,719	1,154,098	27,620
Notes payable	114,873	22,070	136,943	-
General obligation bonds payable	1,305,000	700,000	2,005,000	-
Revenue bonds payable	-	240,000	240,000	-
Tax increment financing bonds payable	524,727	-	524,727	-
Accrued compensated absences	2,540,145	331,500	2,871,645	63,649
Accrued interest payable	237,895	39,347	277,242	-
Intergovernmental payable	3,256	-	3,256	69,545
Unearned revenue				
Succeeding year property tax	18,963,071	-	18,963,071	-
Other	706,863	6,417	713,280	-
Total Current Liabilities	<u>30,035,374</u>	<u>2,395,835</u>	<u>32,431,209</u>	<u>254,229</u>
NONCURRENT LIABILITIES				
Notes payable	1,164,763	589,927	1,754,690	-
General obligation bonds payable	20,447,907	10,684,371	31,132,278	-
Revenue bonds payable	-	250,000	250,000	-
Landfill closure and postclosure care	-	-	-	3,136,395
Tax increment financing bonds payable	24,354,389	-	24,354,389	-
Total Noncurrent Liabilities	<u>45,967,059</u>	<u>11,524,298</u>	<u>57,491,357</u>	<u>3,136,395</u>
Total Liabilities	<u>76,002,433</u>	<u>13,920,133</u>	<u>89,922,566</u>	<u>3,390,624</u>
NET ASSETS				
Invested in capital assets, net of related debt	296,143,451	95,104,575	391,248,026	4,396,427
Restricted for/by				
Bond ordinance	5,114,998	554,505	5,669,503	-
Debt service	3,155	-	3,155	-
Employee benefits	117,274	-	117,274	-
Community development	13,583,759	-	13,583,759	-
Streets	2,430,580	-	2,430,580	-
Capital projects	8,868,704	-	8,868,704	-
Franchise agreement	401,434	-	401,434	-
Endowments				
Expendable	33,958	-	33,958	-
Nonexpendable	88,061	-	88,061	-
Other	1,328,801	-	1,328,801	-
State statute	-	-	-	239,146
Minority interest	-	-	-	1,732,879
Unrestricted	<u>18,987,841</u>	<u>11,312,806</u>	<u>30,300,647</u>	<u>5,900,949</u>
Total Net Assets	<u>\$ 347,102,016</u>	<u>\$ 106,971,886</u>	<u>\$ 454,073,902</u>	<u>\$ 12,269,401</u>

CITY OF DUBUQUE, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Primary government					
Governmental activities					
Public safety	\$ 16,966,210	\$ 2,088,723	\$ 625,105	\$ 394,081	
Public works	18,847,068	4,061,883	4,962,158	7,100,463	
Health and social services	800,566	112,580	65,156	-	
Culture and recreation	10,857,409	2,109,571	129,409	373,671	
Community and economic development	11,961,584	343,881	5,927,295	123,574	
General government	5,804,003	926,428	-	40,813	
Interest on long-term debt	2,577,417	-	-	-	
Total governmental activities	<u>67,814,257</u>	<u>9,643,066</u>	<u>11,709,123</u>	<u>8,032,602</u>	
Business-type activities					
Sewage disposal works	6,141,524	5,484,079	-	799,394	
Water utility	4,814,692	4,875,530	-	368,410	
Stormwater utility	1,706,735	1,766,334	-	927,344	
Parking facilities	2,173,110	2,141,607	-	698,577	
America's River Project	126,699	2,140	-	36,538	
Refuse collection	2,724,050	2,710,583	13,078	-	
Transit system	2,703,983	195,817	1,196,558	-	
Total business-type activities	<u>20,390,793</u>	<u>17,176,090</u>	<u>1,209,636</u>	<u>2,830,263</u>	
Total primary government	<u>\$ 88,205,050</u>	<u>\$ 26,819,156</u>	<u>\$ 12,918,759</u>	<u>\$ 10,862,865</u>	
Component unit					
Dubuque Metropolitan Area Solid Waste Agency	<u>\$ 3,501,071</u>	<u>\$ 3,213,432</u>	<u>\$ 29,294</u>	<u>\$ -</u>	
General revenues					
Property taxes					
Local option sales tax					
Hotel/motel tax					
Utility franchise fees					
Gaming					
Unrestricted investment earnings					
Gain on sale of capital assets					
Other					
Transfers					
Total general revenues and transfers					
Change in net assets					
Net assets, beginning					
Net assets, ending					

See notes to financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

			<u>Component Unit</u>
<u>Primary Government</u>		<u>Dubuque</u>	
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Metropolitan Area Solid Waste Agency</u>
\$ (13,858,301)	\$ -	\$ (13,858,301)	\$ -
(2,722,564)	-	(2,722,564)	-
(622,830)	-	(622,830)	-
(8,244,758)	-	(8,244,758)	-
(5,566,834)	-	(5,566,834)	-
(4,836,762)	-	(4,836,762)	-
<u>(2,577,417)</u>	<u>-</u>	<u>(2,577,417)</u>	<u>-</u>
<u>(38,429,466)</u>	<u>-</u>	<u>(38,429,466)</u>	<u>-</u>
- 141,949	141,949	141,949	-
- 429,248	429,248	429,248	-
- 986,943	986,943	986,943	-
- 667,074	667,074	667,074	-
- (88,021)	(88,021)	(88,021)	-
- (389)	(389)	(389)	-
<u>- (1,311,608)</u>	<u>(1,311,608)</u>	<u>(1,311,608)</u>	<u>-</u>
<u>- 825,196</u>	<u>825,196</u>	<u>825,196</u>	<u>-</u>
<u>(38,429,466)</u>	<u>825,196</u>	<u>(37,604,270)</u>	<u>-</u>
- - - - -	- - - - -	- - - - -	(258,345)
22,744,563	- 22,744,563	- 22,744,563	-
8,020,889	- 8,020,889	- 8,020,889	-
1,622,455	- 1,622,455	- 1,622,455	-
1,516,123	- 1,516,123	- 1,516,123	-
15,346,468	- 15,346,468	- 15,346,468	-
2,741,499	630,049	3,371,548	462,185
92,525	11,736	104,261	-
898,241	-	898,241	-
<u>(2,252,155)</u>	<u>2,252,155</u>	<u>-</u>	<u>-</u>
<u>50,730,608</u>	<u>2,893,940</u>	<u>53,624,548</u>	<u>462,185</u>
12,301,142	3,719,136	16,020,278	203,840
334,800,874	103,252,750	438,053,624	12,065,561
<u>\$ 347,102,016</u>	<u>\$ 106,971,886</u>	<u>\$ 454,073,902</u>	<u>\$ 12,269,401</u>

CITY OF DUBUQUE, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

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	\$ 18,014,113	\$ 88,657	\$ 1,558,929	\$ 1,871,105	\$ 4,876,570	\$ 8,502,503	\$ 34,911,877
Receivables							
Property tax							
Delinquent	200,727	32,083	-	-	-	5,018	237,828
Succeeding year	16,478,894	2,094,685	-	-	-	389,492	18,963,071
Accounts and other	1,913,144	-	-	95,734	-	16,506	2,025,384
Special assessments	-	-	-	-	-	328,204	328,204
Accrued interest	118,131	-	42,420	14,535	1,146	100,580	276,812
Notes	-	-	10,739,186	-	-	2,475	10,741,661
Intergovernmental	1,263,775	-	259,112	1,045,333	-	670,486	3,238,706
Due from other funds	480,712	-	-	-	-	-	480,712
Inventories	225,970	-	-	-	-	-	225,970
Advances to other funds	254,383	-	-	-	-	-	254,383
Prepaid items	17,427	-	16,330	-	-	-	33,757
Restricted cash and pooled cash investments	-	-	-	-	15,441,355	5,257,019	20,698,374
Total Assets	<u>\$ 38,967,276</u>	<u>\$ 2,215,425</u>	<u>\$ 12,615,977</u>	<u>\$ 3,026,707</u>	<u>\$ 20,319,071</u>	<u>\$ 15,272,283</u>	<u>\$ 92,416,739</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 1,068,481	\$ -	\$ 82,685	\$ 369,417	\$ 1,246,816	\$ 259,303	\$ 3,026,702
Accrued payroll	795,521	-	23,169	-	-	84,135	902,825
Intergovernmental payable	-	-	-	-	-	3,256	3,256
Deferred revenue							
Succeeding year property tax	16,478,894	2,094,685	-	-	-	389,492	18,963,071
Other	942,539	3,466	54,879	723,730	-	886,055	2,610,669
Total Liabilities	<u>\$ 19,285,435</u>	<u>\$ 2,098,151</u>	<u>\$ 160,733</u>	<u>\$ 1,093,147</u>	<u>\$ 1,246,816</u>	<u>\$ 1,622,241</u>	<u>\$ 25,506,523</u>
FUND BALANCES							
Reserved for/by							
Encumbrances	1,445,442	-	167,591	1,245,241	14,457,176	678,134	17,993,584
Long-term notes receivable	-	-	10,129,575	-	-	1,775	10,131,350
Advances	254,383	-	-	-	-	-	254,383
Bond ordinance	-	-	-	-	-	5,114,998	5,114,998
Debt service	-	-	-	-	-	3,155	3,155
Franchise agreement	-	-	-	-	-	1,332	1,332
Endowments	-	-	-	-	-	88,061	88,061
Unreserved							
Designated for							
Future equipment and capital maintenance	6,635,215	-	-	-	-	-	6,635,215
Future cash flow	3,822,769	-	-	-	-	-	3,822,769
Undesignated reported in							
General fund	7,524,032	-	-	-	-	-	7,524,032
Special revenue funds	-	117,274	2,158,078	-	-	5,156,579	7,431,931
Capital projects funds	-	-	-	688,319	4,615,079	2,572,050	7,875,448
Permanent funds	-	-	-	-	-	33,958	33,958
Total Fund Balances	<u>\$ 19,681,841</u>	<u>\$ 117,274</u>	<u>\$ 12,455,244</u>	<u>\$ 1,933,560</u>	<u>\$ 19,072,255</u>	<u>\$ 13,650,042</u>	<u>\$ 66,910,216</u>
Total Liabilities and Fund Balances	<u>\$ 38,967,276</u>	<u>\$ 2,215,425</u>	<u>\$ 12,615,977</u>	<u>\$ 3,026,707</u>	<u>\$ 20,319,071</u>	<u>\$ 15,272,283</u>	<u>\$ 92,416,739</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, 2008****EXHIBIT 3-1**

Total fund balances - governmental funds \$ 66,910,216

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	\$ 408,727,361
Accumulated depreciation	<u>(83,167,894)</u>
	325,559,467

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	30,594
Special assessments	294,581
Other	<u>1,578,630</u>
	1,903,805

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.

3,418,227

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	(21,752,907)
Tax increment financing bonds	(24,879,116)
Notes payable	(1,279,636)
Accrued interest	(237,895)
Compensated absences	<u>(2,540,145)</u>
	<u>(50,689,699)</u>

Net assets of governmental activities \$ 347,102,016

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT 4

	Special Revenue		Capital Projects		Other		
	General	Employee Benefits	Community Development	Street Construction	General Construction	Governmental Funds	
REVENUES							
Taxes	\$ 22,568,857	\$ 2,453,174	\$ -	\$ 2,406,267	\$ -	\$ 6,470,394	
Special assessments	-	-	-	-	-	177,585	
Licenses and permits	1,153,429	-	-	-	-	-	
Intergovernmental	1,578,336	-	1,556,808	1,776,163	-	9,345,216	
Charges for services	7,648,503	-	-	-	-	184,648	
Fines and forfeits	188,603	-	-	-	-	-	
Investment earnings	1,251,166	-	147,449	49,502	766,303	517,533	
Contributions	239,254	-	-	255,500	5,544,825	94,423	
Gaming	15,346,468	-	-	-	-	-	
Miscellaneous	587,653	-	18,342	72	-	663,309	
Total Revenues	50,562,269	2,453,174	1,722,599	4,487,504	6,311,128	17,453,108	
						82,989,782	
EXPENDITURES							
Current							
Public safety	21,444,125	-	-	-	-	98,536	
Public works	10,494,051	-	67,240	-	-	5,769,816	
Health and social services	684,712	-	85,047	-	-	27,885	
Culture and recreation	10,071,036	-	110,366	-	-	96,385	
Community and economic development	4,296,730	-	2,015,661	-	-	5,535,121	
General government	5,670,049	337	-	-	-	640,553	
Debt service	53,507	-	-	-	-	4,115,299	
Capital projects	-	-	-	3,599,493	10,088,188	1,664,167	
Total Expenditures	52,714,210	337	2,278,314	3,599,493	10,088,188	17,947,762	
						86,628,304	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,151,941)	2,452,837	(555,715)	888,011	(3,777,060)	(494,654)	(3,638,522)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	-	-	23,025,000	58,696	
Discount on bonds	-	-	-	-	(266,158)	-	
Issuance of refunding bonds	-	-	-	-	-	2,965,000	
Payment to refunded bond escrow agent	-	-	-	-	-	(2,875,000)	
Transfers in	3,810,467	-	377,213	1,059,041	660,806	8,894,062	
Transfers out	(4,373,258)	(2,442,595)	(123,226)	(699,523)	(7,038,997)	(3,507,510)	
Sale of capital assets	113,639	-	-	-	2,635,276	152,275	
Total Other Financing Sources (Uses)	(449,152)	(2,442,595)	253,987	359,518	19,015,927	5,687,523	
						22,425,208	
NET CHANGE IN FUND BALANCES	(2,601,093)	10,242	(301,728)	1,247,529	15,238,867	5,192,869	18,786,686
FUND BALANCES, BEGINNING	22,282,934	107,032	12,756,972	686,031	3,833,388	8,457,173	48,123,530
FUND BALANCES, ENDING	\$ 19,681,841	\$ 117,274	\$ 12,455,244	\$ 1,933,560	\$ 19,072,255	\$ 13,650,042	\$ 66,910,216

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, 2008

EXHIBIT 4-1

Net change in fund balances - total governmental funds \$ 18,786,686

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	\$ 22,984,500
Transfers of capital assets from enterprise funds	1,477,783
Transfers of capital assets to enterprise funds	(339,982)
Depreciation expense	<u>(6,264,027)</u>
	17,858,274

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.

(2,808,665)

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

Property tax	1,887
Special assessments	(116,741)
Other	<u>(599,898)</u>
	(714,752)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

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

Debt proceeds	(26,048,696)
Discounts on bonds issued	266,158
Debt repayments	<u>4,637,374</u>
	(21,145,164)

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:

Increase in accrued interest	(149,852)
Amortization of bond discount	(21,133)
Increase in compensated absences	<u>(97,979)</u>
Total additional expenses	(268,964)

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.

593,727

Change in net assets of governmental activities

\$ 12,301,142

See notes to financial statements.

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	\$ 5,001,756	\$ 788,310	\$ 2,753,958	\$ 626,425
Receivables				
Accounts	1,080,432	784,220	227,581	67,922
Accrued interest	27,589	6,551	14,903	8,772
Intergovernmental	-	-	-	-
Inventories	-	445,921	-	-
Prepaid items	5,339	-	-	-
Total Current Assets	<u>6,115,116</u>	<u>2,025,002</u>	<u>2,996,442</u>	<u>703,119</u>
NONCURRENT ASSETS				
Restricted cash and pooled cash investments	-	-	-	554,505
Capital assets				
Land	167,855	37,449	1,827,344	1,296,209
Buildings	31,590,936	8,214,651	-	20,135,184
Improvements other than buildings	32,309,642	520,295	27,318,976	1,933,939
Machinery and equipment	6,908,215	34,957,465	925,265	1,184,471
Construction in progress	858,508	378,995	5,137,779	14,910
Accumulated depreciation	(36,938,914)	(18,840,008)	(7,941,292)	(7,228,750)
Net Capital Assets	<u>34,896,242</u>	<u>25,268,847</u>	<u>27,268,072</u>	<u>17,335,963</u>
Total Noncurrent Assets	<u>34,896,242</u>	<u>25,268,847</u>	<u>27,268,072</u>	<u>17,890,468</u>
Total Assets	<u>41,011,358</u>	<u>27,293,849</u>	<u>30,264,514</u>	<u>18,593,587</u>

Enterprise Funds			Governmental Activities-Internal Service Funds		
America's River Project	Other Enterprise Funds	Total			
\$ -	\$ 745,153	\$ 9,915,602	\$ 4,872,248		
-	303,457	2,463,612	120,692		
-	4,287	62,102	25,545		
-	976,184	976,184	-		
-	17,375	463,296	57,638		
-	-	5,339	-		
-	<u>2,046,456</u>	<u>13,886,135</u>	<u>5,076,123</u>		
 -			<u>554,505</u>	 -	
-	36,000	3,364,857	-		
-	1,887,564	61,828,335	-		
-	-	62,082,852	-		
-	5,242,498	49,217,914	102,034		
745	-	6,390,937	-		
-	(4,749,457)	(75,698,421)	(49,914)		
745	<u>2,416,605</u>	<u>107,186,474</u>	<u>52,120</u>		
745	<u>2,416,605</u>	<u>107,740,979</u>	<u>52,120</u>		
745	<u>4,463,061</u>	<u>121,627,114</u>	<u>5,128,243</u>		

(continued)

CITY OF DUBUQUE, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 232,845	\$ 196,946	\$ 314,533	\$ 20,335
Accrued payroll	47,507	54,222	233	18,978
General obligation bonds payable	100,000	155,000	270,000	175,000
Revenue bonds payable	-	-	-	240,000
Capital loan notes payable	5,032	16,348	690	-
Accrued compensated absences	92,911	106,230	4,173	21,624
Accrued interest payable	3,098	5,218	20,041	10,990
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	6,417
Advances from other funds	-	254,383	-	-
Total Current Liabilities	481,393	788,347	609,670	493,344
NONCURRENT LIABILITIES				
General obligation bonds payable (net of discount of \$78,593 and deferred amount on refunding of \$107,036)	950,212	1,444,272	5,602,760	2,687,127
Revenue bonds payable	-	-	-	250,000
Capital loan notes payable	134,496	436,988	18,443	-
Total Noncurrent Liabilities	1,084,708	1,881,260	5,621,203	2,937,127
Total Liabilities	1,566,101	2,669,607	6,230,873	3,430,471
NET ASSETS				
Invested in capital assets, net of related debt	33,706,502	23,216,239	21,780,648	13,983,836
Restricted by bond ordinance	-	-	-	554,505
Unrestricted	5,738,755	1,408,003	2,252,993	624,775
Total Net Assets (Deficit)	\$ 39,445,257	\$ 24,624,242	\$ 24,033,641	\$ 15,163,116

See notes to financial statements.

Enterprise Funds			Governmental Activities-Internal Service Funds		
America's River Project	Other Enterprise Funds	Total			
\$ 31,692	\$ 51,431	\$ 847,782	\$ 1,667,462		
-	87,779	208,719	42,554		
-	-	700,000	-		
-	-	240,000	-		
-	-	22,070	-		
-	106,562	331,500	-		
-	-	39,347	-		
-	480,712	480,712	-		
-	-	6,417	-		
-	-	254,383	-		
<u>31,692</u>	<u>726,484</u>	<u>3,130,930</u>	<u>1,710,016</u>		
-	-	10,684,371	-		
-	-	250,000	-		
-	-	589,927	-		
-	-	11,524,298	-		
<u>31,692</u>	<u>726,484</u>	<u>14,655,228</u>	<u>1,710,016</u>		
745	2,416,605	95,104,575	52,120		
-	-	554,505	-		
(31,692)	1,319,972	11,312,806	3,366,107		
<u>\$ (30,947)</u>	<u>\$ 3,736,577</u>	<u>\$ 106,971,886</u>	<u>\$ 3,418,227</u>		

CITY OF DUBUQUE, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities -			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
OPERATING REVENUES				
Charges for sales and services	\$ 5,444,622	\$ 4,871,861	\$ 1,764,959	\$ 2,137,826
Other	<u>39,457</u>	<u>3,669</u>	<u>1,375</u>	<u>3,781</u>
Total Operating Revenues	<u>5,484,079</u>	<u>4,875,530</u>	<u>1,766,334</u>	<u>2,141,607</u>
OPERATING EXPENSES				
Employee expense	1,871,101	1,962,860	149,987	685,305
Utilities	556,933	550,192	167	106,753
Repairs and maintenance	370,564	127,471	273	108,085
Supplies and services	2,107,506	1,240,107	938,846	558,970
Insurance	83,547	77,930	-	35,710
Depreciation	<u>1,130,184</u>	<u>764,908</u>	<u>364,773</u>	<u>513,575</u>
Total Operating Expenses	<u>6,119,835</u>	<u>4,723,468</u>	<u>1,454,046</u>	<u>2,008,398</u>
OPERATING INCOME (LOSS)	<u>(635,756)</u>	<u>152,062</u>	<u>312,288</u>	<u>133,209</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	-	-
Investment earnings	218,444	56,972	239,773	82,432
Interest expense	(21,689)	(91,224)	(252,689)	(164,712)
Gain on disposal of assets	<u>4,491</u>	<u>147</u>	<u>-</u>	<u>-</u>
Net Nonoperating Revenues (Expenses)	<u>201,246</u>	<u>(34,105)</u>	<u>(12,916)</u>	<u>(82,280)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(434,510)</u>	<u>117,957</u>	<u>299,372</u>	<u>50,929</u>
CAPITAL CONTRIBUTIONS	<u>799,394</u>	<u>368,410</u>	<u>927,344</u>	<u>1,038,559</u>
TRANSFERS IN	<u>121,449</u>	<u>21,953</u>	<u>850,732</u>	<u>-</u>
TRANSFERS OUT	<u>(133,150)</u>	<u>(7,575)</u>	<u>(134,132)</u>	<u>(55,845)</u>
CHANGE IN NET ASSETS	<u>353,183</u>	<u>500,745</u>	<u>1,943,316</u>	<u>1,033,643</u>
NET ASSETS (DEFICIT), BEGINNING	<u>39,092,074</u>	<u>24,123,497</u>	<u>22,090,325</u>	<u>14,129,473</u>
NET ASSETS (DEFICIT), ENDING	<u>\$ 39,445,257</u>	<u>\$ 24,624,242</u>	<u>\$ 24,033,641</u>	<u>\$ 15,163,116</u>

See notes to financial statements.

Enterprise Funds			Governmental	
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds	
\$ -	\$ 2,904,958	\$ 17,124,226	\$ 10,262,147	
2,140	1,442	51,864	240,694	
<u>2,140</u>	<u>2,906,400</u>	<u>17,176,090</u>	<u>10,502,841</u>	
-	2,933,883	7,603,136	2,247,384	
-	75,425	1,289,470	24,009	
-	756,212	1,362,605	28,123	
126,699	1,167,421	6,139,549	7,278,350	
-	71,991	269,178	536,356	
-	423,101	3,196,541	5,671	
<u>126,699</u>	<u>5,428,033</u>	<u>19,860,479</u>	<u>10,119,893</u>	
(124,559)	(2,521,633)	(2,684,389)	382,948	
36,538	1,209,636	1,246,174	-	
-	32,428	630,049	214,110	
-	-	(530,314)	-	
-	7,098	11,736	3,105	
<u>36,538</u>	<u>1,249,162</u>	<u>1,357,645</u>	<u>217,215</u>	
(88,021)	(1,272,471)	(1,326,744)	600,163	
-	-	3,133,707	-	
1,766,447	1,070,053	3,830,634	-	
(1,571,759)	(16,000)	(1,918,461)	(6,436)	
106,667	(218,418)	3,719,136	593,727	
(137,614)	3,954,995	103,252,750	2,824,500	
\$ (30,947)	\$ 3,736,577	\$ 106,971,886	\$ 3,418,227	

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Business-type Activities -</u>			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 5,465,016	\$ 4,883,309	\$ 1,690,560	\$ 2,127,773
Cash payments to suppliers for goods and services	(3,727,758)	(1,932,906)	(692,152)	(980,112)
Cash payments to employees for services	(1,875,699)	(1,942,036)	(149,506)	(690,810)
Other operating receipts	<u>39,457</u>	<u>3,669</u>	<u>1,375</u>	<u>3,781</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(98,984)</u>	<u>1,012,036</u>	<u>850,277</u>	<u>460,632</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	121,449	21,953	850,732	-
Transfers to other funds	(133,150)	(7,575)	(134,132)	(55,845)
Proceeds from interfund balances	-	-	-	-
Payment of interfund balances	-	(43,204)	-	-
Intergovernmental grant proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(11,701)</u>	<u>(28,826)</u>	<u>716,600</u>	<u>(55,845)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	4,491	147	-	-
Acquisition and construction of capital assets	(1,492,489)	(1,460,754)	(3,484,749)	(843,440)
Proceeds from issuance of debt	1,188,620	453,336	19,133	-
Payment of debt	-	(150,000)	(260,000)	(395,000)
Interest paid	(17,471)	(91,554)	(249,305)	(160,550)
Intergovernmental grant proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(316,849)</u>	<u>(1,248,825)</u>	<u>(3,974,921)</u>	<u>(1,398,990)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>243,513</u>	<u>66,257</u>	<u>248,275</u>	<u>95,836</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(184,021)</u>	<u>(199,358)</u>	<u>(2,159,769)</u>	<u>(898,367)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>5,185,777</u>	<u>987,668</u>	<u>4,913,727</u>	<u>2,079,297</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 5,001,756</u>	<u>\$ 788,310</u>	<u>\$ 2,753,958</u>	<u>\$ 1,180,930</u>

Enterprise Funds			Governmental	
America's River Project	Other Enterprise Funds	Total	Activities- Internal Service Funds	
\$ -	\$ 2,876,976	\$ 17,043,634	\$ 10,148,229	
(126,699)	(2,065,381)	(9,525,008)	(7,376,366)	
-	(2,867,367)	(7,525,418)	(2,272,492)	
<u>2,140</u>	<u>1,442</u>	<u>51,864</u>	<u>240,694</u>	
<u>(124,559)</u>	<u>(2,054,330)</u>	<u>45,072</u>	<u>740,065</u>	
 1,766,447	 1,070,053	 3,830,634	 -	
(220,726)	(16,000)	(567,428)	(6,436)	
-	480,712	480,712	-	
(500,722)	-	(543,926)	(15,722)	
<u>-</u>	<u>270,324</u>	<u>270,324</u>	<u>-</u>	
 <u>1,044,999</u>	 <u>1,805,089</u>	 <u>3,470,316</u>	 <u>(22,158)</u>	
 - 7,098	 (28,000)	 (8,266,410)	 (15,028)	
-	-	1,661,089	-	
-	-	(805,000)	-	
-	-	(518,880)	-	
<u>36,538</u>	<u>-</u>	<u>36,538</u>	<u>-</u>	
 <u>(920,440)</u>	 <u>(20,902)</u>	 <u>(7,880,927)</u>	 <u>(11,923)</u>	
 - 34,008	 687,889	 223,050		
 - (236,135)	 (3,677,650)	 929,034		
 - 981,288	 14,147,757	 3,943,214		
 <u>\$ -</u>	 <u>\$ 745,153</u>	 <u>\$ 10,470,107</u>	 <u>\$ 4,872,248</u>	
(continued)				

CITY OF DUBUQUE, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Business-type Activities -</u>			
	Sewage Disposal Works	Water Utility	Stormwater Utility	Parking Facilities
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY OPERATING				
ACTIVITIES				
Operating income (loss)	<u>\$ (635,756)</u>	<u>\$ 152,062</u>	<u>\$ 312,288</u>	<u>\$ 133,209</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	1,130,184	764,908	364,773	513,575
Change in assets and liabilities				
(Increase) decrease in receivables	20,394	11,448	(74,399)	(16,470)
(Increase) decrease in inventories and prepaid items	-	(1,174)	-	-
Increase (decrease) in accounts payable	(609,208)	63,968	247,134	(170,594)
Increase (decrease) in accrued liabilities	(4,598)	20,824	481	(5,505)
Increase in unearned revenue	-	-	-	6,417
Total Adjustments	<u>536,772</u>	<u>859,974</u>	<u>537,989</u>	<u>327,423</u>
NET CASH PROVIDED (USED) BY OPERATING				
ACTIVITIES	<u>\$ (98,984)</u>	<u>\$ 1,012,036</u>	<u>\$ 850,277</u>	<u>\$ 460,632</u>
NONCASH CAPITAL AND RELATED FINANCING				
ACTIVITIES				
Contributions of capital assets from other funds and outside sources	<u>\$ 799,394</u>	<u>\$ 368,410</u>	<u>\$ 927,344</u>	<u>\$ 1,038,559</u>
Contributions of capital assets to Governmental Activities	<u>\$ 126,750</u>	<u>\$ -</u>	<u>\$ -</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>

\$ (124,559) \$ (2,521,633) \$ (2,684,389) \$ 382,948

-	423,101	3,196,541	5,671
-	(27,982)	(87,009)	(113,918)
-	(8,079)	(9,253)	(2,889)
-	13,747	(454,953)	493,361
-	66,516	77,718	(25,108)
-	-	6,417	-
-	467,303	2,729,461	357,117

\$ (124,559) \$ (2,054,330) \$ 45,072 \$ 740,065

\$ -	\$ -	\$ 3,133,707	\$ -
\$ 1,351,033	\$ -	\$ 1,477,783	\$ -

CITY OF DUBUQUE, IOWA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2008

EXHIBIT 8

	Agency Funds
ASSETS	
Cash and pooled cash investments	\$ 959,930
Accounts receivable	7,235
Accrued interest	<u>3,445</u>
 Total Assets	 <u>\$ 970,610</u>
LIABILITIES	
Accounts payable	\$ -
Due to other agency	<u>970,610</u>
 Total Liabilities	 <u>\$ 970,610</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Discretely Presented Component Unit

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

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

Jointly Governed Organizations

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

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

Government-wide and Fund Financial Statements

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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.

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

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

Assets, Liabilities, and Equity

Deposits and Investments

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

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

Receivables and Payables

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Property taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The tax levy is divided into two billings. The billings are due September 1 and March 1. On September 30 and March 31, the bill becomes delinquent, and penalties and interest may be assessed by the government.

Inventories and Prepaid Items

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

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

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

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

Restricted Assets

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets and in the proprietary funds statement of net assets. Capital assets are defined by the government as assets with an initial, individual cost of more than \$100,000 for infrastructure assets, \$20,000 for building assets, and \$10,000 for the remaining assets, and an estimated useful life of more than a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend 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 unit, is depreciated using the straight-line method over the following estimated useful lives:

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

Compensated Absences

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

Long-term Obligations

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Equity

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

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

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements did not exceed the amounts budgeted in any function.

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit net asset amounts as of June 30, 2008:

Enterprise	
America's River Project	\$ 30,947
Internal Service	
General Service	\$ 12,405
Workers' Compensation Reserve	\$ 119,142

The America's River Project deficit is a result of expenses incurred that are eligible for reimbursement as projects are completed. 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 \$11,262 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 \$45,234,910, and the bank balance was \$46,041,956. The City's deposits in banks at June 30, 2008, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The carrying amount of deposits for the Dubuque Metropolitan Area Solid Waste Agency was \$10,793,680, and the bank balance was \$11,130,680. The Agency's deposits in banks at June 30, 2008, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Investments. As of June 30, 2008, 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>		
Mutual Funds –						
U.S. Treasury	\$ 2,759,138	\$ -	\$ -	\$ -	\$ -	\$ 2,759,138
U.S. Treasury Securities	-	701,679	-	-	-	701,679
Federal Agency Obligations	443,936	8,771,224	4,070,524	9,843,802	23,129,486	
Corporate Stock	<u>76,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,061</u>
	<u>\$ 3,279,135</u>	<u>\$ 9,472,903</u>	<u>\$ 4,070,524</u>	<u>\$ 9,843,802</u>	<u>\$ 26,666,364</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.

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008.

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	\$ 11,262
Carrying amount of deposits	45,234,910
Carrying amount of investments	<u>26,666,364</u>
 Total	 <u>\$ 71,912,536</u>
 Government-wide	
Cash and pooled cash investments	\$ 49,699,727
Cash and pooled cash investments – temporarily restricted	21,164,818
Cash and pooled cash investments – permanently restricted	88,061
 Fiduciary	
Cash and pooled cash investments	<u>959,930</u>
 Total	 <u>\$ 71,912,536</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>10,793,680</u>
 Total	 <u>\$ 10,794,130</u>
 Cash and pooled cash investments	 \$ 7,168,906
Cash and pooled cash investments – temporarily restricted	<u>3,625,224</u>
 Total	 <u>\$ 10,794,130</u>

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2008, 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 nonmajor enterprise funds (\$480,712) for deficit pooled cash balances. Advances to/from other fund balance of \$254,383 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, 2008, consisted of the following:

	Transfer from							Sewage Disposal Works
	General	Employee Benefits	Community Development	Street Construction	General Construction	Nonmajor Governmental Funds		
Transfer to								
General	\$ -	\$ 2,442,595	\$ 123,226	\$ 23,950	\$ 421,949	\$ 637,672	\$ 6,400	
Community development	23,394	-	-	-	-	353,819	-	
Street construction	168,816	-	-	-	-	890,225	-	
General construction	215,562	-	-	-	-	339,910	-	
Nonmajor governmental	1,429,936	-	-	14,189	6,395,049	1,054,888	-	
Sewage disposal works	-	-	-	-	-	121,449	-	
Water utility	-	-	-	-	-	21,953	-	
Stormwater utility	634,066	-	-	-	-	69,133	-	
America's River Project	831,431	-	-	661,384	221,999	18,461	-	
Nonmajor enterprise	<u>1,070,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,373,258</u>	<u>\$ 2,442,595</u>	<u>\$ 123,226</u>	<u>\$ 699,523</u>	<u>\$ 7,038,997</u>	<u>\$ 3,507,510</u>	<u>\$ 6,400</u>	

	Transfer from						Total
	Water Utility	Stormwater Utility	Parking Facilities	America's River Project	Nonmajor Enterprise Funds	Internal Service Funds	
Transfer to							
General	\$ 7,575	\$ 100,960	\$ 9,900	\$ 13,804	\$ 16,000	\$ 6,436	\$ 3,810,467
Community development	-	-	-	-	-	-	377,213
Street construction	-	-	-	-	-	-	1,059,041
General construction	-	-	45,945	59,389	-	-	660,806
Nonmajor governmental	-	-	-	-	-	-	8,894,062
Sewage disposal works	-	-	-	-	-	-	121,449
Water utility	-	-	-	-	-	-	21,953
Stormwater utility	-	-	-	147,533	-	-	850,732
America's River Project	-	33,172	-	-	-	-	1,766,447
Nonmajor enterprise	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,070,053</u>
	<u>\$ 7,575</u>	<u>\$ 134,132</u>	<u>\$ 55,845</u>	<u>\$ 220,726</u>	<u>\$ 16,000</u>	<u>\$ 6,436</u>	<u>18,632,223</u>

Transfer to governmental activities capital assets from enterprise funds	<u>1,477,783</u>
	<u>\$ 20,110,006</u>

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In the fund financial statements, total transfers out of \$20,110,006 are greater than total transfers in of \$18,632,223 because of the treatment of transfers of capital assets to the governmental activities capital assets. During the year, capital assets related to America's River Project and street projects with a book value of \$1,477,783 were transferred to governmental activities capital assets. No amounts were reported in the governmental funds, as the amounts did not involve the transfer of financial resources. However, America's River Project and Sewage Disposal Works 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.

During the year ended June 30, 2008, according to grant requirements, the City made various transfers into the America's River Project Fund to finance capital assets. When completed, these capital assets are transferred to their respective fund.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, 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	\$ 51,912,748	\$ -	\$ -	\$ 8,003,356	\$ (2,744,405)	\$ 57,171,699
Construction in progress	<u>16,067,956</u>	<u>-</u>	<u>-</u>	<u>24,164,260</u>	<u>(26,187,286)</u>	<u>14,044,930</u>
Total capital assets, not being depreciated	<u>67,980,704</u>	<u>-</u>	<u>-</u>	<u>32,167,616</u>	<u>(28,931,691)</u>	<u>71,216,629</u>
Capital assets, being depreciated:						
Buildings	101,663,541	-	-	4,482,167	-	106,145,708
Improvements other than buildings	15,028,954	202,296	(339,982)	354,589	-	15,245,857
Machinery and equipment	25,636,645	755,944	(37,594)	3,478,384	(1,154,241)	28,679,138
Infrastructure	<u>178,774,083</u>	<u>519,543</u>	<u>-</u>	<u>8,704,058</u>	<u>(455,621)</u>	<u>187,542,063</u>
Total capital assets, being depreciated	<u>321,103,223</u>	<u>1,477,783</u>	<u>(377,576)</u>	<u>17,019,198</u>	<u>(1,609,862)</u>	<u>337,612,766</u>

CITY OF DUBUQUE, IOWA
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	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:						
Buildings	\$ (20,461,542)	\$ -	\$ -	\$ (1,700,670)	\$ -	\$ (22,162,212)
Improvements other than buildings	(4,551,420)	-	-	(490,042)	-	(5,041,462)
Machinery and equipment	(10,860,285)	-	37,594	(2,557,838)	1,473,172	(11,907,357)
Infrastructure	(42,658,059)	-	-	(1,521,148)	72,430	(44,106,777)
Total accumulated depreciation	(78,531,306)	-	37,594	(6,269,698)	1,545,602	(83,217,808)
Total capital assets, being depreciated, net	<u>242,571,917</u>	<u>1,477,783</u>	<u>(339,982)</u>	<u>10,749,500</u>	<u>(64,260)</u>	<u>254,394,958</u>
Governmental activities capital assets, net	<u>\$ 310,552,621</u>	<u>\$ 1,477,783</u>	<u>\$ (339,982)</u>	<u>\$ 42,917,116</u>	<u>\$ (28,995,951)</u>	<u>\$ 325,611,587</u>

Business-type activities:

	<u>Beginning Balance</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:						
Land	\$ 3,364,857	\$ -	\$ -	\$ -	\$ -	\$ 3,364,857
Construction in progress	<u>5,298,854</u>	<u>147,533</u>	<u>(1,625,316)</u>	<u>10,794,957</u>	<u>(8,225,091)</u>	<u>6,390,937</u>
Total capital assets, not being depreciated	<u>8,663,711</u>	<u>147,533</u>	<u>(1,625,316)</u>	<u>10,794,957</u>	<u>(8,225,091)</u>	<u>9,755,794</u>
Capital assets, being depreciated:						
Buildings	60,964,620	-	-	863,715	-	61,828,335
Improvements other than buildings	55,727,107	339,982	-	6,015,763	-	62,082,852
Machinery and equipment	<u>47,778,284</u>	<u>37,594</u>	<u>-</u>	<u>1,686,498</u>	<u>(284,462)</u>	<u>49,217,914</u>
Total capital assets, being depreciated	<u>164,470,011</u>	<u>377,576</u>	<u>-</u>	<u>8,565,976</u>	<u>(284,462)</u>	<u>173,129,101</u>
Less accumulated depreciation for:						
Buildings	(36,917,800)	-	-	(987,101)	-	(37,904,901)
Improvements other than buildings	(15,906,606)	-	-	(1,028,096)	-	(16,934,702)
Machinery and equipment	<u>(19,924,342)</u>	<u>(37,594)</u>	<u>-</u>	<u>(1,181,344)</u>	<u>284,462</u>	<u>(20,858,818)</u>
Total accumulated depreciation	<u>(72,748,748)</u>	<u>(37,594)</u>	<u>-</u>	<u>(3,196,541)</u>	<u>284,462</u>	<u>(75,698,421)</u>
Total capital assets, being depreciated, net	<u>91,721,263</u>	<u>339,982</u>	<u>-</u>	<u>5,369,435</u>	<u>-</u>	<u>97,430,680</u>
Business-type activities capital assets, net	<u>\$ 100,384,974</u>	<u>\$ 487,515</u>	<u>\$ (1,625,316)</u>	<u>\$ 16,164,392</u>	<u>\$ (8,225,091)</u>	<u>\$ 107,186,474</u>

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

Governmental activities:

Public safety	\$ 731,380
Public works	3,545,681
Health and social services	7,068
Culture and recreation	1,789,502
Community and economic development	35,243
General government	155,153
Capital assets held by the government's internal service funds are charged to various functions based on their usage of their assets	5,671
Total depreciation expense – governmental activities	<u>\$ 6,269,698</u>

Business-type activities:

Sewage disposal works	\$ 1,130,184
Water utility	764,908
Stormwater utility	364,773
Parking facilities	513,575
Refuse collection	115,891
Transit system	307,210
Total depreciation expense – business-type activities	<u>\$ 3,196,541</u>

Component Unit:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Dubuque Metropolitan Area Solid Waste Agency:				
Capital assets, not being depreciated:				
Land	<u>\$ 1,586,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,586,092</u>
Capital assets, being depreciated:				
Buildings	65,922	-	-	65,922
Improvements other than buildings	7,468,652	-	-	7,468,652
Machinery and equipment	<u>2,201,318</u>	<u>459,686</u>	<u>(299,318)</u>	<u>2,361,686</u>
Total capital assets, being depreciated	<u>9,735,892</u>	<u>459,686</u>	<u>(299,318)</u>	<u>9,896,260</u>
Less accumulated depreciation for:				
Buildings	(45,068)	(719)	-	(45,787)
Improvements other than buildings	(5,134,490)	(435,385)	-	(5,569,875)
Machinery and equipment	<u>(1,354,390)</u>	<u>(276,362)</u>	<u>160,489</u>	<u>(1,470,263)</u>
Total accumulated depreciation	<u>(6,533,948)</u>	<u>(712,466)</u>	<u>160,489</u>	<u>(7,085,925)</u>
Total capital assets, being depreciated, net	<u>3,201,944</u>	<u>(252,780)</u>	<u>(138,829)</u>	<u>2,810,335</u>
Dubuque Metropolitan Area Solid Waste Agency capital assets, net	<u>\$ 4,788,036</u>	<u>\$ (252,780)</u>	<u>\$ (138,829)</u>	<u>\$ 4,396,427</u>

Depreciation expense of \$712,466 was charged to the Dubuque Metropolitan Area Solid Waste Agency.

(continued on next page)

CITY OF DUBUQUE, IOWA
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JUNE 30, 2008

NOTE 6 – LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$43,940,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. General obligation bonds outstanding at June 30, 2008, are as follows:

In a prior year, the City defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2008, \$3,345,000 of bonds outstanding are considered defeased. These bonds will remain outstanding until they are called on June 1, 2009.

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Corporate purpose	06/01/00	06/01/02-06/01/09	5.80%	\$ 2,750,000	\$ 125,000
Corporate purpose	11/01/00	06/01/02-06/01/17	5.13	6,265,000	285,000
Corporate purpose	12/27/01	06/01/05-06/01/21	4.00-4.90	9,500,000	7,815,000
Corporate purpose	01/09/02	06/01/04-06/01/21	4.10-4.95	2,860,000	2,205,000
Corporate purpose	03/26/02	06/01/03-06/01/21	4.00-5.00	1,000,000	780,000
Corporate purpose and refunding	12/03/02	06/01/03-06/01/17	3.50-4.30	3,105,000	1,600,000
Corporate purpose	10/15/03	06/01/04-06/01/23	3.20-4.75	2,110,000	1,680,000
Corporate purpose	04/18/05	06/01/06-06/01/24	3.15-5.00	9,015,000	7,865,000
Corporate purpose	04/03/06	06/01/07-06/01/25	3.80-4.20	2,900,000	2,705,000
Corporate purpose	04/03/06	06/01/07-06/01/21	3.60-4.20	910,000	825,000
Refunding	04/03/06	06/01/10-06/01/20	3.65-4.10	3,525,000	3,525,000
Corporate purpose and refunding	12/01/07	06/10/10-06/01/17	3.75	2,965,000	2,965,000
Corporate purpose	12/01/07	06/10/09-06/01/17	3.40-3.65	<u>1,055,000</u>	<u>1,055,000</u>
				<u>\$ 47,960,000</u>	<u>\$ 33,430,000</u>

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 1,305,000	\$ 951,006	\$ 700,000	\$ 460,020
2010	1,470,213	896,949	684,787	432,882
2011	1,532,340	837,529	712,660	408,862
2012	1,584,468	774,282	740,532	383,151
2013	1,628,723	707,570	761,277	355,869
2014-2018	8,917,766	2,423,343	4,187,234	1,314,061
2019-2023	5,421,490	491,789	3,218,510	484,377
2024-2025	-	-	565,000	33,570
Total	<u>\$ 21,860,000</u>	<u>\$ 7,082,468</u>	<u>\$ 11,570,000</u>	<u>\$ 3,872,792</u>

CITY OF DUBUQUE, IOWA
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Tax Increment Financing Bonds. The City issues tax increment financing bonds to provide funds for urban renewal projects. The City pledges property tax revenues from the tax increment financing districts to pay debt service. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. The original amount of tax increment financing bonds issued in prior years was \$4,568,538. Tax increment financing bonds outstanding at June 30, 2008, are as follows:

	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Advanced Data-Comm	03/18/99	12/31/01-06/30/11	6.0%	\$ 900,000	\$ 279,220
Cartograph Systems	12/01/99	12/31/01-12/31/10	8.8	360,000	112,607
Eagle Window & Door	02/15/00	12/31/02-06/30/12	9.1	3,168,538	1,610,775
Vessel Systems	12/30/03	12/30/05-06/30/15	8.0	140,000	108,799
Diamond Jo Parking Ramp	10/16/07	06/01/11-06/01/37	7.5	<u>23,025,000</u>	<u>23,025,000</u>
				<u>\$ 27,593,538</u>	<u>\$ 25,136,402</u>

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2009	\$ 524,727	\$ 1,898,128
2010	569,630	1,853,225
2011	774,204	1,805,199
2012	778,939	1,742,354
2013	346,617	1,686,616
2014-2018	2,097,285	8,006,677
2019-2023	2,965,000	7,104,000
2024-2028	4,245,000	5,814,375
2029-2033	6,100,000	3,963,750
2034-2039	<u>6,735,000</u>	<u>1,308,376</u>
Total	<u>\$ 25,136,402</u>	<u>\$ 35,182,700</u>

Revenue Bonds. The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds generally are issued as serial bonds with varying amounts of principal maturing annually and with interest payable semi-annually. Revenue bonds outstanding at June 30, 2008, are as follows:

Purpose	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Parking facilities	03/01/98	05/01/98-05/01/10	4.70-4.75%	<u>\$ 2,515,000</u>	<u>\$ 490,000</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
2009	\$ 240,000	\$ 23,155
2010	250,000	11,875
Total	<u>\$ 490,000</u>	<u>\$ 35,030</u>

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, 2008, are as follows:

	Date of Issue	Maturity Dates	Interest Rates	Amount Originally Issued	Amount Outstanding End of Year
Adams Company	02/13/04	06/01/05-06/01/15	4.07%	\$ 500,000	\$ 318,182
Lower Main Development	06/30/04	12/31/06-06/30/16	8.00	182,000	155,415
Theisen Supply	11/22/06	12/31/08-06/30/18	8.25	<u>806,039</u>	<u>806,039</u>
				<u>\$ 1,488,039</u>	<u>\$ 1,279,636</u>

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

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2009	\$ 114,873	\$ 90,844
2010	120,679	83,187
2011	126,973	75,044
2012	133,792	66,374
2013	141,183	55,284
2014-2018	<u>642,136</u>	<u>129,615</u>
Total	<u>\$ 1,279,636</u>	<u>\$ 500,348</u>

Capital Loan Notes. 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.

Planning	Date Authorized	Maturity Dates	Interest Rates	Amount Authorized	Amount Outstanding End of Year
Northfork Catfish Creek Project 1	12/28/06	12/01/2008-06/01/2028	3.25%	\$ 85,000	\$ 82,990
Construction					
Drinking Water	10/01/07	12/01/2008-06/01/2028	3.25%	1,037,000	453,336
Northfork Catfish Creek Project 2	12/28/06	12/01/2008-06/01/2028	3.25%	231,700	19,133
Northfork Catfish Creek Project 3	12/28/06	12/01/2008-06/01/2028	3.25%	<u>168,850</u>	<u>56,538</u>
				<u>\$ 1,522,550</u>	<u>\$ 611,997</u>

CITY OF DUBUQUE, IOWA
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Annual Debt Service Requirements to maturity for state revolving fund loans are as follows:

Fiscal Year Ending June 30	Business-Type Activities	
	Principal	Interest
2009	\$ 22,070	\$ 19,711
2010	22,867	18,985
2011	23,617	18,236
2012	24,390	17,462
2013	25,190	16,663
2014-2018	138,882	70,382
2019-2023	163,174	46,090
2024-2028	191,807	17,549
Total	<u>\$ 611,997</u>	<u>\$ 225,078</u>

At June 30, 2008, the City of Dubuque had \$910,553 of capital loan note funds available. 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 2009.

Changes in Long-term Liabilities. Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 22,990,000	\$ 2,965,000	\$ (4,095,000)	\$ 21,860,000	\$ 1,305,000
Less:					
Unamortized discounts	(49,015)	(26,050)	32,901	(42,164)	-
Deferred amount on refunding	(70,339)	-	5,410	(64,929)	-
Total general obligation bonds	22,870,646	2,938,950	(4,056,689)	21,752,907	1,305,000
Tax increment financing bonds	2,594,831	23,025,000	(483,429)	25,136,402	524,727
Less:					
Unamortized discounts	-	(266,158)	8,872	(257,286)	-
Total tax increment financing bonds	2,594,831	22,758,842	474,557	24,879,116	524,727
Notes payable	1,279,885	58,696	(58,945)	1,279,636	114,873
Compensated absences	2,442,166	2,540,145	(2,442,166)	2,540,145	2,540,145
	<u>\$ 29,187,528</u>	<u>\$ 28,296,633</u>	<u>\$ (7,032,357)</u>	<u>\$ 50,451,804</u>	<u>\$ 4,484,745</u>

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
General obligation bonds	\$ 11,090,000	\$ 1,055,000	\$ (575,000)	\$ 11,570,000	\$ 700,000
Less:					
Unamortized discounts	(78,452)	(5,908)	5,767	(78,593)	-
Deferred amount on refunding	(115,955)	-	8,919	(107,036)	-
Total general obligation bonds	10,895,593	1,049,092	(560,314)	11,384,371	700,000
Revenue bonds	720,000	-	(230,000)	490,000	240,000
Capital loan notes	-	611,997	-	611,997	22,070
Compensated absences	281,474	331,500	(281,474)	331,500	331,500
	<u>\$ 11,897,067</u>	<u>\$ 1,992,589</u>	<u>\$ (1,071,788)</u>	<u>\$ 12,817,868</u>	<u>\$ 1,293,570</u>

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

NOTE 7 – RISK MANAGEMENT

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

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents which is included in the Internal Service Fund Type. Health benefits were self-insured up to an individual stop loss amount of \$85,000, and an aggregate stop loss of \$6,075,095 for 2008. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The City has established a Workers' Compensation Reserve Fund for insuring benefits provided to City employees which is included in the Internal Service Fund Type. Workers' compensation benefits were self-insured up to a specific stop loss amount of \$450,000, and an aggregate stop loss consistent with statutory limits for 2008. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 \$829,027 in the Health Insurance Reserve Fund and \$774,612 in the Workers' Compensation Reserve Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in reported liabilities for the fiscal years ended June 30, 2008 and 2007, are summarized as follows:

	<u>Health Insurance Reserve Fund</u>	<u>Workers' Compensation Reserve Fund</u>
Liabilities at June 30, 2006	\$ 657,846	\$ 356,082
Claims and changes in estimates during fiscal year 2007	4,771,063	336,207
Claim payments	<u>(4,714,363)</u>	<u>(273,909)</u>
Liabilities at June 30, 2007	714,546	418,380
Claims and changes in estimates during fiscal year 2008	5,012,424	969,483
Claim payments	<u>(4,897,943)</u>	<u>(613,251)</u>
Liabilities at June 30, 2008	<u>\$ 829,027</u>	<u>\$ 774,612</u>

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 570 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.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008, were \$540,570.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials liability risks up to \$350,000 per claim. The next \$2,650,000 in claims are covered with another pool (APEEP). Claims exceeding \$3,000,000 are reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2008, 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.

NOTE 8 – COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The City has received financial assistance from numerous federal and state agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the City's financial position as of June 30, 2008.

Litigation

The City's corporation counsel reported that as of June 30, 2008, various claims and lawsuits were on file against the City. The corporation counsel estimated that all potential settlements against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Construction Contracts

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2008. The City has additional commitments for signed construction contracts of \$18,316,799 as of June 30, 2008. These commitments will be funded by federal and state grants, cash reserves, and bond proceeds.

NOTE 9 – POSTEMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides certain health care benefits for retired disabled police officers and firefighters as mandated by the Code of Iowa. The cost of health care benefits for retired disabled police officers and firefighters is recognized as an expenditure as claims are paid. As of June 30, 2008, 55 retirees were eligible for these benefits, and the cost of the benefits for the fiscal year ended June 30, 2008, totaled \$13,421.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS

MFPSI

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability, and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa, 50266.

Plan members are required to contribute 9.35% of earnable compensation, and the City is required to contribute 25.48% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2008, 2007, and 2006, were \$2,632,282, \$2,730,207, and \$2,704,451, respectively, which met the required minimum contribution for each year.

IPERS

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

Plan members are required to contribute 3.90% of their annual covered salary, and the City is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006, were \$1,200,182, \$1,071,260, and \$1,016,907, respectively, equal to the required contributions for each year.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 11 – CONDUIT DEBT

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

As of June 30, 2008, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$650,000.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE

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

Although closure and postclosure care costs will be paid only near or after the date that each cell stops accepting waste, the Agency reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date. The \$3,136,395 reported as landfill closure and postclosure care liability at June 30, 2008, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of cells 3 and 4, the use of 90% of the estimated capacity of cells 5 and 6, and the use of 30% of the estimated capacity of cells 7 and 8. The Agency will recognize the remaining estimated cost of closure and postclosure care of \$961,405 as the remaining capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The Agency expects to close cells 3 and 4 in 2009, cells 5 and 6 in 2011, and cells 7 and 8 in 2014. The Agency is making plans to construct a second generation of cells to extend the life of the landfill to 2050. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Agency has begun to accumulate resources to fund these costs in accordance with state and federal financial assurance requirements. At June 30, 2008, funds have been restricted for closure and postclosure costs in the amount of \$3,386,078, which exceeds the liability currently recognized.

NOTE 13 – LEASES WHERE CITY IS LESSOR

The City of Dubuque leases riverfront property, airport property (hangars and terminal space), farm land, parking areas, space for antennas on top of water towers, and concession areas under operating leases. The most significant lease is the lease of the greyhound racing and gambling facility and related parking area to the Dubuque Racing Association (DRA). The City's cost of the leased DRA assets total \$10,144,771. The carrying amount of the assets at June 30, 2008 is \$7,581,159, with \$142,423 of depreciation expense during the year ended June 30, 2008. The DRA lease amount is based on the association's gross gambling receipts. During the year ended June 30, 2008, the DRA lease generated \$9,720,429 in lease revenue.

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 14 – SUBSEQUENT EVENTS

On October 6, 2008, the City authorized \$3,885,000 of General Obligation Bonds, Series 2008A to support stormwater management facilities and improvements, including costs associated with Bee Branch Creek Restoration Project. The interest rate on the bonds range from 3.75% to 4.80% with a maturity date of June 1, 2028. The funds to repay the bonds will be generated via stormwater user fees.

On October 6, 2008, the City authorized \$3,290,000 of Greater Downtown Urban Renewal District General Obligation Bonds Series 2008B to support the Library Renovation Project and building renovations and improvements to the former Kephart's Building and the non-taxable portion of bonds (\$455,000) for the Dubuque Industrial Center West, North Siegert Farm demolition and grading project. The interest rate on the bonds range from 3.75% to 4.25% with a maturity date of June 1, 2023. The funds to repay the debt will be tax increment revenues of the Greater Downtown Urban Renewal District.

On October 6, 2008, the City authorized \$2,465,000 of Urban Renewal General Obligation Bonds for Urban Renewal taxable Series 2008C to support the Dubuque Industrial Center West Economic Development District, North Siegert Farm demolition and grading project. The interest rate on the bonds range from 5.25% to 5.50% with a maturity date of June 1, 2018. The funds to repay the bonds will be tax increment revenues.

On October 6, 2008, the City authorized \$1,195,000 Water Revenue Bonds Series 2008D to support water main replacements and repairs, construction of water main extensions, and the installation of pump station radio communication equipment and facilities. The interest rate on the bonds range from 3.00% to 5.00% with a maturity date of June 1, 2023. The funds to repay the bonds will be generated from water utility fees.

The City will be borrowing funds for a number of sanitary sewer and stormwater projects and for significant upgrades to the Water Pollution Control Plant. Plans provide for the use of Clean Water State Revolving Fund (SRF) through the Iowa Finance Authority. The loans include construction and planning and design with Intended Use Plans (IUP) for approximately \$65,000,000 filed. Construction loans provide a 3% interest rate, .25% annual service fee and a 1% origination fee. Planning and Design Loans have no interest for three years, no initiation fee and no servicing fee.

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

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

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

CITY OF DUBUQUE, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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

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

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

Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the fiscal year ending June 30, 2009. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the fiscal year ending June 30, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DUBUQUE, IOWA

CITY OF DUBUQUE, IOWA
SCHEDULE OF RECEIPTS, EXPENDITURES, AND CHANGES IN BALANCES –
BUDGET AND ACTUAL (BUDGETARY BASIS)
GOVERNMENTAL FUNDS AND ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
RECEIPTS				
Property tax	\$ 17,383,349	\$ 17,430,933	\$ 18,006,072	\$ (622,723)
Tax increment financing	4,482,540	4,357,984	4,357,984	124,556
Other City tax	10,969,356	11,197,760	11,222,621	(253,265)
Licenses and permits	3,449,744	3,354,041	3,354,041	95,703
Use of money and property	20,117,201	17,729,706	17,862,548	2,254,653
Intergovernmental	14,502,333	17,157,450	37,022,711	(22,520,378)
Charges for fees and service	18,400,042	24,035,801	24,228,348	(5,828,306)
Special assessments	244,117	700,000	1,382,627	(1,138,510)
Miscellaneous	12,250,378	4,961,654	13,516,295	(1,265,917)
Total Receipts	101,799,060	100,925,329	130,953,247	(29,154,187)
EXPENDITURES				
Public safety	20,736,955	20,906,502	21,543,195	806,240
Public works	12,885,957	10,578,404	13,477,845	591,888
Health and social services	853,367	846,181	961,972	108,605
Culture and recreation	8,479,941	8,336,448	8,502,032	22,091
Community and economic development	8,756,397	8,512,576	9,430,480	674,083
General government	5,464,091	5,674,587	6,048,553	584,462
Debt service	3,089,509	3,107,249	3,107,249	17,740
Capital projects	27,032,019	21,808,077	67,573,130	40,541,111
Business-type activities	26,220,817	37,048,839	51,349,916	25,129,099
Total Expenditures	113,519,053	116,818,863	181,994,372	68,475,319
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) EXPENDITURES	(11,719,993)	(15,893,534)	(51,041,125)	39,321,132
OTHER FINANCING SOURCES, NET	27,461,966	12,508,224	33,761,093	(6,299,127)
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	15,741,973	(3,385,310)	(17,280,032)	33,022,005
BALANCE, BEGINNING	49,212,310	49,212,310	49,212,310	-
BALANCE, ENDING	\$ 64,954,283	\$ 45,827,000	\$ 31,932,278	\$ 33,022,005

CITY OF DUBUQUE, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING FOR THE YEAR ENDED JUNE 30, 2008

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

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

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

The budget for the fiscal year ended June 30, 2008, was amended two times during the year to allow the City to increase function expenditures by \$65,175,509, primarily for the carry-forward of unfinished capital improvement projects and expenditure of additional grants for capital improvements.

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

	Budgetary Basis	Accrual Adjustments	Modified Accrual/Accrual Basis	Governmental Funds Modified Accrual Basis	Enterprise Funds Accrual Basis	Total
Receipts/revenues	\$ 101,799,060	\$ 254,771	\$ 102,053,831	\$ 82,989,782	\$ 19,064,049	\$ 102,053,831
Expenditures/expenses	<u>113,519,053</u>	<u>(6,499,956)</u>	<u>107,019,097</u>	<u>86,628,304</u>	<u>20,390,793</u>	<u>107,019,097</u>
Deficiency of receipts/revenues under expenditures/expenses	(11,719,993)	6,754,727	(4,965,266)	(3,638,522)	(1,326,744)	(4,965,266)
Other financing sources, net	<u>27,461,966</u>	<u>9,122</u>	<u>27,471,088</u>	<u>22,425,208</u>	<u>5,045,880</u>	<u>27,471,088</u>
Net	15,741,973	6,763,849	22,505,822	18,786,686	3,719,136	22,505,822
Balance, beginning	<u>49,212,310</u>	<u>102,163,970</u>	<u>151,376,280</u>	<u>48,123,530</u>	<u>103,252,750</u>	<u>151,376,280</u>
Balance, ending	<u>\$ 64,954,283</u>	<u>\$ 108,927,819</u>	<u>\$ 173,882,102</u>	<u>\$ 66,910,216</u>	<u>\$ 106,971,886</u>	<u>\$ 173,882,102</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

DEBT SERVICE FUND

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

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

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, 2008

	Road Use Tax	Section VIII Housing	Tort Liability
ASSETS			
Cash and pooled cash investments	\$ 2,212,075	\$ 1,128,495	\$ 18,457
Receivables			
Property tax			
Delinquent	-	-	5,018
Succeeding year	-	-	389,492
Accounts and other	-	-	-
Special assessments	-	-	-
Accrued interest	-	4,687	-
Notes	-	2,475	-
Intergovernmental	395,682	13,206	-
Restricted cash and pooled cash investments	-	18,919	-
 Total Assets	 \$ 2,607,757	 \$ 1,167,782	 \$ 412,967
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 118,427	\$ 20,252	\$ -
Accrued payroll	58,750	15,759	-
Intergovernmental payable	-	3,256	-
Deferred revenue			
Succeeding year property tax	-	-	389,492
Other	-	-	655
 Total Liabilities	 177,177	 39,267	 390,147
FUND BALANCES			
Reserved for/by			
Encumbrances	143,316	3,961	-
Long-term notes receivable	-	1,775	-
Bond ordinance	-	-	-
Debt service	-	-	-
Franchise agreement	-	-	-
Endowments	-	-	-
Unreserved, undesignated reported in			
Special revenue funds	2,287,264	1,122,779	22,820
Capital projects funds	-	-	-
Permanent funds	-	-	-
 Total Fund Balances	 2,430,580	 1,128,515	 22,820
 Total Liabilities and Fund Balances	 \$ 2,607,757	 \$ 1,167,782	 \$ 412,967

Special Revenue					
Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service	
\$ -	\$ 1,172,296	\$ 985,834	\$ 116,043	\$ 3,155	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	16,506	-	-	-
328,204	-	-	-	-	-
-	73,756	2,805	660	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,114,998	1,332	-	-	-
<u>\$ 328,204</u>	<u>\$ 6,361,050</u>	<u>\$ 1,006,477</u>	<u>\$ 116,703</u>	<u>\$ 3,155</u>	
\$ -	\$ 55,888	\$ 4,598	\$ 886	\$ -	
-	-	9,626	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
294,581	-	590,819	-	-	-
<u>294,581</u>	<u>55,888</u>	<u>605,043</u>	<u>886</u>	<u>-</u>	
-	-	13,924	2,066	-	
-	-	-	-	-	-
-	5,114,998	-	-	-	-
-	-	-	-	3,155	
-	-	1,332	-	-	-
-	-	-	-	-	-
33,623	1,190,164	386,178	113,751	-	
-	-	-	-	-	-
-	-	-	-	-	-
<u>33,623</u>	<u>6,305,162</u>	<u>401,434</u>	<u>115,817</u>	<u>3,155</u>	
<u>\$ 328,204</u>	<u>\$ 6,361,050</u>	<u>\$ 1,006,477</u>	<u>\$ 116,703</u>	<u>\$ 3,155</u>	

(continued)

CITY OF DUBUQUE, IOWA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>Capital Projects</u>	
	<u>Airport Construction</u>	<u>Sales Tax Construction</u>
ASSETS		
Cash and pooled cash investments	\$ 599,732	\$ 2,266,416
Receivables		
Property tax		
Delinquent	-	-
Succeeding year	-	-
Accounts and other	-	-
Special assessments	-	-
Accrued interest	1,922	16,501
Notes	-	-
Intergovernmental	-	261,598
Restricted cash and pooled cash investments	-	-
 Total Assets	<u>\$ 601,654</u>	<u>\$ 2,544,515</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 6,243	\$ 53,009
Accrued payroll	-	-
Intergovernmental payable	-	-
Deferred revenue		
Succeeding year property tax	-	-
Other	-	-
Total Liabilities	<u>6,243</u>	<u>53,009</u>
FUND BALANCES		
Reserved for/by		
Encumbrances	183,948	330,919
Long-term notes receivable	-	-
Bond ordinance	-	-
Debt service	-	-
Franchise agreement	-	-
Endowments	-	-
Unreserved, undesignated reported in		
Special revenue funds	-	-
Capital projects funds	411,463	2,160,587
Permanent funds	-	-
Total Fund Balances	<u>595,411</u>	<u>2,491,506</u>
 Total Liabilities and Fund Balances	<u>\$ 601,654</u>	<u>\$ 2,544,515</u>

EXHIBIT A-1
(continued)

Permanent Funds		Total	
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds	
\$ -	\$ -	\$ 8,502,503	
-	-	5,018	
-	-	389,492	
-	-	16,506	
-	-	328,204	
130	119	100,580	
-	-	2,475	
-	-	670,486	
<u>100,140</u>	<u>21,630</u>	<u>5,257,019</u>	
<u>\$ 100,270</u>	<u>\$ 21,749</u>	<u>\$ 15,272,283</u>	
\$ -	\$ -	\$ 259,303	
-	-	84,135	
-	-	3,256	
-	-	389,492	
<u>-</u>	<u>-</u>	<u>886,055</u>	
<u>-</u>	<u>-</u>	<u>1,622,241</u>	
-	-	678,134	
-	-	1,775	
-	-	5,114,998	
-	-	3,155	
-	-	1,332	
76,061	12,000	88,061	
-	-	5,156,579	
-	-	2,572,050	
<u>24,209</u>	<u>9,749</u>	<u>33,958</u>	
<u>100,270</u>	<u>21,749</u>	<u>13,650,042</u>	
<u>\$ 100,270</u>	<u>\$ 21,749</u>	<u>\$ 15,272,283</u>	

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Road Use Tax	Section VIII Housing
REVENUES		
Taxes	\$ -	\$ -
Special assessments	- -	- -
Intergovernmental	4,945,039	4,313,421
Charges for services	- -	- -
Investment earnings	- -	52,809
Contributions	- -	- -
Miscellaneous	2,615	5,861
Total Revenues	4,947,654	4,372,091
EXPENDITURES		
Current		
Public safety	- -	21,750
Public works	5,769,816	- -
Health and social services	- -	- -
Culture and recreation	- -	- -
Community and economic development	- -	4,508,283
General government	- -	- -
Debt service	- -	- -
Capital projects	- -	- -
Total Expenditures	5,769,816	4,530,033
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(822,162)	(157,942)
OTHER FINANCING SOURCES (USES)		
Issuance of debt	- -	- -
Issuance of refunding bonds	- -	- -
Payment to refunded bond escrow agent	- -	- -
Transfers in	1,062,338	- -
Transfers out	(115,134)	(23,990)
Sale of capital assets	15,275	- -
Total Other Financing Sources (Uses)	962,479	(23,990)
NET CHANGE IN FUND BALANCES	140,317	(181,932)
FUND BALANCES, BEGINNING	2,290,263	1,310,447
FUND BALANCES, ENDING	\$ 2,430,580	\$ 1,128,515

Special Revenue						
Tort Liability	Special Assessments	Tax Increment Financing	Cable TV	Library Expendable Gifts Trust	Debt Service	
\$ 383,675	\$ -	\$ 4,482,541	\$ -	\$ -	\$ -	-
-	177,585	-	-	-	-	-
-	-	-	-	-	-	-
-	-	5	-	-	-	-
-	67,705	218,224	36,417	4,394	-	-
-	-	-	-	94,423	-	-
-	16,171	-	636,863	-	-	-
<u>383,675</u>	<u>261,461</u>	<u>4,700,770</u>	<u>673,280</u>	<u>98,817</u>	<u>-</u>	<u>-</u>
-	-	-	76,786	-	-	-
-	-	-	-	-	-	-
-	-	-	27,885	-	-	-
-	-	-	-	94,127	-	-
-	-	1,026,838	-	-	-	-
-	35	-	550,518	-	90,000	-
-	-	3,078,186	-	-	1,037,113	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>35</u>	<u>4,105,024</u>	<u>655,189</u>	<u>94,127</u>	<u>1,127,113</u>	<u>-</u>
<u>383,675</u>	<u>261,426</u>	<u>595,746</u>	<u>18,091</u>	<u>4,690</u>	<u>(1,127,113)</u>	<u>-</u>
-	-	58,696	-	-	-	-
-	-	-	-	-	2,965,000	-
-	-	-	-	-	(2,875,000)	-
-	-	6,395,049	36,660	-	1,037,114	-
(382,596)	(919,215)	(1,316,308)	(106,949)	-	-	-
<u>-</u>	<u>-</u>	<u>137,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(382,596)</u>	<u>(919,215)</u>	<u>5,274,437</u>	<u>(70,289)</u>	<u>-</u>	<u>1,127,114</u>	<u>-</u>
1,079	(657,789)	5,870,183	(52,198)	4,690	1	-
<u>21,741</u>	<u>691,412</u>	<u>434,979</u>	<u>453,632</u>	<u>111,127</u>	<u>3,154</u>	<u>-</u>
<u>\$ 22,820</u>	<u>\$ 33,623</u>	<u>\$ 6,305,162</u>	<u>\$ 401,434</u>	<u>\$ 115,817</u>	<u>\$ 3,155</u>	<u>(continued)</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Capital Projects	
	<u>Airport Construction</u>	<u>Sales Tax Construction</u>
REVENUES		
Taxes	\$ -	\$ 1,604,178
Special assessments	- -	- -
Intergovernmental	86,756	- -
Charges for services	184,643	- -
Investment earnings	16,815	135,108
Contributions	- -	- -
Miscellaneous	- -	1,799
Total Revenues	<u>288,214</u>	<u>1,741,085</u>
EXPENDITURES		
Current		
Public safety	- -	- -
Public works	- -	- -
Health and social services	- -	- -
Culture and recreation	- -	- -
Community and economic development	- -	- -
General government	- -	- -
Debt service	- -	- -
Capital projects	109,066	1,555,101
Total Expenditures	<u>109,066</u>	<u>1,555,101</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>179,148</u>	<u>185,984</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	- -	- -
Issuance of refunding bonds	- -	- -
Payment to refunded bond escrow agent	- -	- -
Transfers in	234,043	128,858
Transfers out	(1,860)	(641,458)
Sale of capital assets	- -	- -
Total Other Financing Sources (Uses)	<u>232,183</u>	<u>(512,600)</u>
NET CHANGE IN FUND BALANCES	<u>411,331</u>	<u>(326,616)</u>
FUND BALANCES, BEGINNING	<u>184,080</u>	<u>2,818,122</u>
FUND BALANCES, ENDING	<u>\$ 595,411</u>	<u>\$ 2,491,506</u>

EXHIBIT A-2
(continued)

Permanent Funds		Total
Ella Lyons Peony Trail Trust	Library Gifts Trust	Nonmajor Governmental Funds
\$ -	\$ -	\$ 6,470,394
-	-	177,585
-	-	9,345,216
-	-	184,648
(14,945)	1,006	517,533
-	-	94,423
-	-	663,309
<u>(14,945)</u>	<u>1,006</u>	<u>17,453,108</u>
-	-	98,536
-	-	5,769,816
-	-	27,885
2,258	-	96,385
-	-	5,535,121
-	-	640,553
-	-	4,115,299
-	-	1,664,167
<u>2,258</u>	<u>-</u>	<u>17,947,762</u>
<u>(17,203)</u>	<u>1,006</u>	<u>(494,654)</u>
-	-	58,696
-	-	2,965,000
-	-	(2,875,000)
-	-	8,894,062
-	-	(3,507,510)
-	-	152,275
<u>-</u>	<u>-</u>	<u>5,687,523</u>
(17,203)	1,006	5,192,869
<u>117,473</u>	<u>20,743</u>	<u>8,457,173</u>
<u>\$ 100,270</u>	<u>\$ 21,749</u>	<u>\$ 13,650,042</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, 2008

EXHIBIT B-1

	Refuse Collection	Transit System	Total	Other Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and pooled cash investments	\$ 745,153	\$ -	\$ 745,153	
Receivables				
Accounts	297,023	6,434	303,457	
Accrued interest	4,287	-	4,287	
Intergovernmental	-	976,184	976,184	
Inventories	-	17,375	17,375	
Total Current Assets	<u>1,046,463</u>	<u>999,993</u>	<u>2,046,456</u>	
NONCURRENT ASSETS				
Capital assets				
Land	-	36,000	36,000	
Buildings	-	1,887,564	1,887,564	
Machinery and equipment	1,636,150	3,606,348	5,242,498	
Accumulated depreciation	(1,476,857)	(3,272,600)	(4,749,457)	
Net Capital Assets	<u>159,293</u>	<u>2,257,312</u>	<u>2,416,605</u>	
Total Assets	<u>1,205,756</u>	<u>3,257,305</u>	<u>4,463,061</u>	
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	37,822	13,609	51,431	
Accrued payroll	42,518	45,261	87,779	
Accrued compensated absences	83,900	22,662	106,562	
Due to other funds	-	480,712	480,712	
Total Liabilities	<u>164,240</u>	<u>562,244</u>	<u>726,484</u>	
NET ASSETS				
Invested in capital assets, net of related debt	159,293	2,257,312	2,416,605	
Unrestricted	882,223	437,749	1,319,972	
Total Net Assets	<u>\$ 1,041,516</u>	<u>\$ 2,695,061</u>	<u>\$ 3,736,577</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, 2008

EXHIBIT B-2

	Refuse Collection	Transit System	Total Other Enterprise Funds
OPERATING REVENUES			
Charges for sales and services	\$ 2,709,854	\$ 195,104	\$ 2,904,958
Other	729	713	1,442
Total Operating Revenues	2,710,583	195,817	2,906,400
OPERATING EXPENSES			
Employee expense	1,663,486	1,270,397	2,933,883
Utilities	14,730	60,695	75,425
Repairs and maintenance	270,020	486,192	756,212
Supplies and services	633,793	533,628	1,167,421
Insurance	26,130	45,861	71,991
Depreciation	115,891	307,210	423,101
Total Operating Expenses	2,724,050	2,703,983	5,428,033
OPERATING LOSS	(13,467)	(2,508,166)	(2,521,633)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	13,078	1,196,558	1,209,636
Investment earnings	32,428	-	32,428
Gain on disposal of assets	7,098	-	7,098
Net Nonoperating Revenues	52,604	1,196,558	1,249,162
INCOME (LOSS) BEFORE TRANSFERS	39,137	(1,311,608)	(1,272,471)
TRANSFERS IN			
TRANSFERS OUT	(16,000)	1,070,053	1,070,053
CHANGE IN NET ASSETS	23,137	(241,555)	(218,418)
NET ASSETS, BEGINNING	1,018,379	2,936,616	3,954,995
NET ASSETS, ENDING	\$ 1,041,516	\$ 2,695,061	\$ 3,736,577

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT B-3

	Refuse Collection	Transit System	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,687,742	\$ 189,234	\$ 2,876,976
Cash payments to suppliers for goods and services	(932,557)	(1,132,824)	(2,065,381)
Cash payments to employees for services	(1,602,927)	(1,264,440)	(2,867,367)
Other operating receipts	729	713	1,442
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	152,987	(2,207,317)	(2,054,330)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	1,070,053	1,070,053
Transfers to other funds	(16,000)	-	(16,000)
Proceeds from interfund balances	-	480,712	480,712
Intergovernmental grant proceeds	13,078	257,246	270,324
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(2,922)	1,808,011	1,805,089
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	7,098	-	7,098
Acquisition and construction of capital assets	-	(28,000)	(28,000)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	7,098	(28,000)	(20,902)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	34,008	-	34,008
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	191,171	(427,306)	(236,135)
CASH AND CASH EQUIVALENTS, BEGINNING	553,982	427,306	981,288
CASH AND CASH EQUIVALENTS, ENDING	\$ 745,153	\$ -	\$ 745,153

(continued)

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT B-3
(continued)

	Business-type Activities - Enterprise Funds		
	Refuse Collection	Transit System	Total Other Enterprise Funds
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating loss			
Operating loss	\$ (13,467)	\$ (2,508,166)	\$ (2,521,633)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation	115,891	307,210	423,101
Change in assets and liabilities			
Increase in receivables	(22,112)	(5,870)	(27,982)
Increase in inventories	-	(8,079)	(8,079)
Increase in accounts payable	12,116	1,631	13,747
Increase in accrued liabilities	60,559	5,957	66,516
Total Adjustments	166,454	300,849	467,303
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 152,987	\$ (2,207,317)	\$ (2,054,330)

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2008

	<u>General Service</u>	<u>Garage Service</u>	<u>Stores/ Printing</u>
ASSETS			
CURRENT ASSETS			
Cash and pooled cash investments	\$ 6,732	\$ 184,154	\$ 8,360
Receivables			
Accounts	-	-	-
Accrued interest	-	-	-
Inventories	-	55,217	2,421
Total Current Assets	<u>6,732</u>	<u>239,371</u>	<u>10,781</u>
NONCURRENT ASSETS			
Capital assets			
Machinery and equipment	-	102,034	-
Accumulated depreciation	-	(49,914)	-
Net Capital Assets	-	52,120	-
Total Assets	<u>6,732</u>	<u>291,491</u>	<u>10,781</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	-	63,728	95
Accrued payroll	<u>19,137</u>	<u>23,417</u>	-
Total Liabilities	<u>19,137</u>	<u>87,145</u>	<u>95</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	52,120	-
Unrestricted	<u>(12,405)</u>	<u>152,226</u>	<u>10,686</u>
Total Net Assets (Deficit)	<u>\$ (12,405)</u>	<u>\$ 204,346</u>	<u>\$ 10,686</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 4,021,249	\$ 651,753	\$ 4,872,248
120,692	-	120,692
21,828	3,717	25,545
<u>-</u>	<u>-</u>	<u>57,638</u>
<u>4,163,769</u>	<u>655,470</u>	<u>5,076,123</u>
-	-	102,034
<u>-</u>	<u>-</u>	<u>(49,914)</u>
<u>-</u>	<u>-</u>	<u>52,120</u>
<u>4,163,769</u>	<u>655,470</u>	<u>5,128,243</u>
829,027	774,612	1,667,462
<u>-</u>	<u>-</u>	<u>42,554</u>
<u>829,027</u>	<u>774,612</u>	<u>1,710,016</u>
-	-	52,120
3,334,742	(119,142)	3,366,107
<u>\$ 3,334,742</u>	<u>\$ (119,142)</u>	<u>\$ 3,418,227</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, 2008

	<u>General Service</u>	<u>Garage Service</u>	<u>Stores/ Printing</u>
OPERATING REVENUES			
Charges for sales and services	\$ 1,539,021	\$ 1,983,876	\$ 25,574
Other	-	-	-
Total Operating Revenues	<u>1,539,021</u>	<u>1,983,876</u>	<u>25,574</u>
OPERATING EXPENSES			
Employee expense	1,473,234	774,150	-
Utilities	-	24,009	-
Repairs and maintenance	-	28,123	-
Supplies and services	5,631	1,056,029	30,407
Insurance	10,631	12,751	-
Depreciation	-	5,671	-
Total Operating Expenses	<u>1,489,496</u>	<u>1,900,733</u>	<u>30,407</u>
OPERATING INCOME (LOSS)	49,525	83,143	(4,833)
NONOPERATING REVENUES			
Investment earnings	-	-	-
Gain on disposal of assets	-	3,105	-
Total Nonoperating Revenues	<u>3,105</u>	<u>3,105</u>	<u>3,105</u>
INCOME (LOSS) BEFORE TRANSFERS	49,525	86,248	(4,833)
TRANSFERS OUT	<u>-</u>	<u>(6,436)</u>	<u>-</u>
CHANGE IN NET ASSETS	49,525	79,812	(4,833)
NET ASSETS (DEFICIT), BEGINNING	(61,930)	124,534	15,519
NET ASSETS (DEFICIT), ENDING	<u>\$ (12,405)</u>	<u>\$ 204,346</u>	<u>\$ 10,686</u>

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 6,195,666	\$ 518,010	\$ 10,262,147
222,409	18,285	240,694
<u>6,418,075</u>	<u>536,295</u>	<u>10,502,841</u>
-	-	2,247,384
-	-	24,009
-	-	28,123
5,189,378	996,905	7,278,350
488,747	24,227	536,356
<u>-</u>	<u>-</u>	<u>5,671</u>
<u>5,678,125</u>	<u>1,021,132</u>	<u>10,119,893</u>
739,950	(484,837)	382,948
177,722	36,388	214,110
<u>-</u>	<u>-</u>	<u>3,105</u>
<u>177,722</u>	<u>36,388</u>	<u>217,215</u>
917,672	(448,449)	600,163
<u>-</u>	<u>-</u>	<u>(6,436)</u>
917,672	(448,449)	593,727
<u>2,417,070</u>	<u>329,307</u>	<u>2,824,500</u>
<u>\$ 3,334,742</u>	<u>\$ (119,142)</u>	<u>\$ 3,418,227</u>

CITY OF DUBUQUE, IOWA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Service	Garage Service	Stores/ Printing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,539,021	\$ 1,983,876	\$ 25,574
Cash payments to suppliers for goods and services	(16,262)	(1,100,210)	(31,350)
Cash payments to employees for services	(1,500,305)	(772,187)	-
Other operating receipts	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	22,454	111,479	(5,776)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(6,436)	-
Payment of interfund balances	(15,722)	-	-
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(15,722)	(6,436)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	3,105	-
Acquisition and construction of capital assets	-	(15,028)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(11,923)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,732	93,120	(5,776)
CASH AND CASH EQUIVALENTS, BEGINNING	-	91,034	14,136
CASH AND CASH EQUIVALENTS, ENDING	\$ 6,732	\$ 184,154	\$ 8,360
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 49,525	\$ 83,143	\$ (4,833)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	5,671	-
Change in assets and liabilities			
Increase in receivables	-	-	-
Increase in inventories	-	(2,175)	(714)
Increase (decrease) in accounts payable	-	22,877	(229)
Increase (decrease) in accrued liabilities	(27,071)	1,963	-
Total Adjustments	<u>(27,071)</u>	<u>28,336</u>	<u>(943)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 22,454	\$ 111,479	\$ (5,776)

Health Insurance Reserve	Workers' Compensation Reserve	Total
\$ 6,081,748	\$ 518,010	\$ 10,148,229
(5,563,644)	(664,900)	(7,376,366)
-	-	(2,272,492)
<u>222,409</u>	<u>18,285</u>	<u>240,694</u>
<u>740,513</u>	<u>(128,605)</u>	<u>740,065</u>
 -	 -	 (6,436)
<u>-</u>	<u>-</u>	<u>(15,722)</u>
 -	 -	 (22,158)
 -	 -	 3,105
<u>-</u>	<u>-</u>	<u>(15,028)</u>
<u>-</u>	<u>-</u>	<u>(11,923)</u>
 <u>182,968</u>	 <u>40,082</u>	 <u>223,050</u>
 923,481	 (88,523)	 929,034
 3,097,768	 740,276	 3,943,214
<u>\$ 4,021,249</u>	<u>\$ 651,753</u>	<u>\$ 4,872,248</u>
 <u>\$ 739,950</u>	 <u>\$ (484,837)</u>	 <u>\$ 382,948</u>
 -	 -	 5,671
 (113,918)	 -	 (113,918)
 -	 -	 (2,889)
 114,481	 356,232	 493,361
 -	 -	 (25,108)
<u>563</u>	<u>356,232</u>	<u>357,117</u>
 <u>\$ 740,513</u>	 <u>\$ (128,605)</u>	 <u>\$ 740,065</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, 2008

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	\$ 285,721	\$ 236,797	\$ 208,133	\$ 314,385
Accounts receivable	-	7,235	-	7,235
Accrued interest	-	6,314	6,314	-
Total Assets	\$ 285,721	\$ 250,346	\$ 214,447	\$ 321,620
LIABILITIES				
Accounts payable	\$ 21,317	\$ -	\$ 21,317	\$ -
Due to other agency	264,404	250,346	193,130	321,620
Total Liabilities	\$ 285,721	\$ 250,346	\$ 214,447	\$ 321,620
DOG TRACK DEPRECIATION FUND				
ASSETS				
Cash and pooled cash investments	\$ 497,059	\$ 148,486	\$ -	\$ 645,545
Accrued interest	4,368	27,563	28,486	3,445
Total Assets	\$ 501,427	\$ 176,049	\$ 28,486	\$ 648,990
LIABILITIES				
Due to other agency	<u>\$ 501,427</u>	<u>\$ 176,049</u>	<u>\$ 28,486</u>	<u>\$ 648,990</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and pooled cash investments	\$ 782,780	\$ 385,283	\$ 208,133	\$ 959,930
Accounts receivable	-	7,235	-	7,235
Accrued interest	4,368	33,877	34,800	3,445
Total Assets	\$ 787,148	\$ 426,395	\$ 242,933	\$ 970,610
LIABILITIES				
Accounts payable	\$ 21,317	\$ -	\$ 21,317	\$ -
Due to other agency	765,831	426,395	221,616	970,610
Total Liabilities	\$ 787,148	\$ 426,395	\$ 242,933	\$ 970,610

**STATISTICAL SECTION
(UNAUDITED)**

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.	76
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	81
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.	85
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.	93
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.	95

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 SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Table 1

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 212,767,403	\$ 231,863,231	\$ 249,881,646	\$ 267,762,059	\$ 288,978,975	\$ 296,143,451
Restricted	29,306,124	31,931,803	24,180,874	21,693,357	23,900,328	31,970,724
Unrestricted	11,528,644	11,322,661	11,236,870	15,132,486	21,921,571	18,987,841
Total governmental activities net assets	<u>\$ 253,602,171</u>	<u>\$ 275,117,695</u>	<u>\$ 285,299,390</u>	<u>\$ 304,587,902</u>	<u>\$ 334,800,874</u>	<u>\$ 347,102,016</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 98,706,116	\$ 92,301,043	\$ 93,036,089	\$ 88,802,536	\$ 91,483,532	\$ 95,104,575
Restricted	553,677	554,005	554,205	554,294	554,318	554,505
Unrestricted	6,308,801	10,502,939	12,854,730	13,258,072	11,214,900	11,312,806
Total business-type activities net assets	<u>\$ 105,568,594</u>	<u>\$ 103,357,987</u>	<u>\$ 106,445,024</u>	<u>\$ 102,614,902</u>	<u>\$ 103,252,750</u>	<u>\$ 106,971,886</u>
Primary government						
Invested in capital assets, net of related debt	\$ 311,473,519	\$ 324,164,274	\$ 342,917,735	\$ 356,564,595	\$ 380,462,507	\$ 391,248,026
Restricted	29,859,801	32,485,808	24,735,079	22,247,651	24,454,646	32,525,229
Unrestricted	17,837,445	21,825,600	24,091,600	28,390,558	33,136,471	30,300,647
Total primary government net assets	<u>\$ 359,170,765</u>	<u>\$ 378,475,682</u>	<u>\$ 391,744,414</u>	<u>\$ 407,202,804</u>	<u>\$ 438,053,624</u>	<u>\$ 454,073,902</u>

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

Table 2

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
Public safety	\$ 15,817,052	\$ 16,605,481	\$ 18,636,877	\$ 18,892,980	\$ 20,326,724	\$ 16,966,210
Public works	14,453,558	12,847,410	17,088,983	16,390,322	16,505,560	18,847,068
Health and social services	815,524	1,290,619	654,469	678,748	759,367	800,566
Culture and recreation	7,367,147	7,849,114	8,474,183	9,627,505	9,837,299	10,857,409
Community and economic development	9,431,702	12,662,552	9,680,046	8,541,167	11,965,805	11,961,584
General government	4,211,922	3,773,136	4,048,475	3,868,687	4,940,154	5,804,003
Interest on long-term debt	1,605,326	1,248,498	1,298,367	1,460,730	1,400,748	2,577,417
Total governmental activities expenses	<u>53,702,231</u>	<u>56,276,810</u>	<u>59,881,400</u>	<u>59,460,139</u>	<u>65,735,657</u>	<u>67,814,257</u>
Business-type activities:						
Sewage disposal works	4,655,696	5,282,016	4,656,172	5,298,353	5,814,076	6,141,524
Water utility	4,145,983	4,368,738	4,232,489	4,700,483	4,780,063	4,814,692
Stormwater utility	-	1,184,968	1,114,811	1,153,628	1,198,675	1,706,735
Parking facilities	1,445,434	1,655,429	1,604,071	1,629,427	1,611,447	2,173,110
America's River Project	414,830	1,064,701	515,570	82,617	434,667	126,699
Refuse collection	2,140,807	2,238,254	2,202,800	2,463,795	2,496,018	2,724,050
Transit system	2,055,248	2,257,078	2,326,908	2,555,080	2,760,459	2,703,983
Total business-type activities expenses	<u>14,857,998</u>	<u>18,051,184</u>	<u>16,652,821</u>	<u>17,883,383</u>	<u>19,095,405</u>	<u>20,390,793</u>
Total primary government expenses	<u>\$ 68,560,229</u>	<u>\$ 74,327,994</u>	<u>\$ 76,534,221</u>	<u>\$ 77,343,522</u>	<u>\$ 84,831,062</u>	<u>\$ 88,205,050</u>
Program Revenues						
Governmental activities:						
Charges for services						
Public safety	\$ 1,586,255	\$ 1,785,787	\$ 1,900,938	\$ 1,809,481	\$ 1,857,324	\$ 2,088,723
Public works	3,367,720	3,392,650	3,371,073	3,370,291	4,839,781	4,061,883
Culture and recreation	2,145,435	2,282,983	2,143,246	2,218,315	2,251,562	2,109,571
Other activities	764,732	873,457	945,712	895,920	1,074,550	1,382,889
Operating grants and contributions	13,677,503	12,197,307	14,603,106	12,902,410	11,641,904	11,709,123
Capital grants and contributions	3,447,052	5,153,258	6,919,296	6,881,573	23,741,282	8,032,602
Total governmental activities program revenues	<u>24,988,697</u>	<u>25,685,442</u>	<u>29,883,371</u>	<u>28,077,990</u>	<u>45,406,403</u>	<u>29,384,791</u>
Business-type activities:						
Charges for services						
Sewage disposal works	4,300,156	4,719,491	4,552,587	5,077,491	5,259,432	5,484,079
Water utility	3,975,598	4,307,238	4,224,074	4,669,340	4,743,896	4,875,530
Stormwater utility	-	754,101	684,570	928,850	1,227,243	1,766,334
Parking facilities	1,427,146	1,643,490	1,889,937	1,886,642	1,977,757	2,141,607
America's River Project	147,695	881,089	26,061	51,373	3,099	2,140
Refuse collection	1,981,105	2,157,285	2,283,677	2,397,525	2,642,251	2,710,583
Transit system	201,367	319,216	389,106	341,743	237,088	195,817
Operating grants and contributions	880,822	825,538	651,967	920,762	1,167,344	1,209,636
Capital grants and contributions	11,938,797	11,007,676	3,030,378	2,769,657	1,670,874	2,830,263
Total business-type activities program revenues	<u>24,852,686</u>	<u>26,615,124</u>	<u>17,732,357</u>	<u>19,043,383</u>	<u>18,928,984</u>	<u>21,215,989</u>
Total primary government program revenues	<u>\$ 49,841,383</u>	<u>\$ 52,300,566</u>	<u>\$ 47,615,728</u>	<u>\$ 47,121,373</u>	<u>\$ 64,335,387</u>	<u>\$ 50,600,780</u>

(continued)

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

Table 2
(continued)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Net (Expense)/Revenue						
Governmental activities	\$ (28,713,534)	\$ (30,591,368)	\$ (29,998,029)	\$ (31,382,149)	\$ (20,329,254)	\$ (38,429,466)
Business-type activities	9,994,688	8,563,940	1,079,536	1,160,000	(166,421)	825,196
Total primary government						
net expense	<u>\$ (18,718,846)</u>	<u>\$ (22,027,428)</u>	<u>\$ (28,918,493)</u>	<u>\$ (30,222,149)</u>	<u>\$ (20,495,675)</u>	<u>\$ (37,604,270)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
General Revenues						
Property taxes	\$ 18,041,049	\$ 18,588,367	\$ 19,767,492	\$ 19,716,620	\$ 21,656,908	\$ 22,744,563
Local option sales tax	6,492,203	7,105,183	6,963,124	7,336,124	7,817,403	8,020,889
Hotel/motel tax	970,232	1,314,114	1,383,660	1,862,439	1,569,743	1,622,455
Utility franchise fees	-	862,275	1,310,064	1,521,201	1,492,920	1,516,123
Gaming	9,539,598	11,631,022	11,694,105	14,034,847	15,556,551	15,346,468
Unrestricted investment earnings	1,749,301	497,361	1,190,337	1,081,141	1,870,403	2,741,499
Gain/(loss) on sale of capital assets	(149,650)	175,231	170,642	77,627	-	92,525
Other	1,228,232	638,681	560,789	572,602	586,931	898,241
Transfers	(7,720,462)	<u>10,956,246</u>	<u>(1,684,581)</u>	<u>5,033,974</u>	<u>(7,633)</u>	<u>(2,252,155)</u>
Total governmental activities	<u>30,150,503</u>	<u>51,768,480</u>	<u>41,355,632</u>	<u>51,236,575</u>	<u>50,543,226</u>	<u>50,730,608</u>
Business-type activities:						
General Revenues						
Property taxes	506,054	-	-	-	-	-
Unrestricted investment earnings	321,447	181,674	322,884	339,599	796,636	630,049
Gain/(loss) on sale of capital assets	(168,001)	25	36	703	-	11,736
Transfers	7,720,462	<u>(10,956,246)</u>	<u>1,684,581</u>	<u>(5,033,974)</u>	<u>7,633</u>	<u>2,252,155</u>
Total business-type activities	<u>8,379,962</u>	<u>(10,774,547)</u>	<u>2,007,501</u>	<u>(4,693,672)</u>	<u>804,269</u>	<u>2,893,940</u>
Total primary government	<u>\$ 38,530,465</u>	<u>\$ 40,993,933</u>	<u>\$ 43,363,133</u>	<u>\$ 46,542,903</u>	<u>\$ 51,347,495</u>	<u>\$ 53,624,548</u>
Change in Net Assets						
Governmental activities	\$ 1,436,969	\$ 21,177,112	\$ 11,357,603	\$ 19,854,426	\$ 30,213,972	\$ 12,301,142
Business-type activities	18,374,650	<u>(2,210,607)</u>	<u>3,087,037</u>	<u>(3,533,672)</u>	<u>637,848</u>	<u>3,719,136</u>
Total primary government	<u>\$ 19,811,619</u>	<u>\$ 18,966,505</u>	<u>\$ 14,444,640</u>	<u>\$ 16,320,754</u>	<u>\$ 30,851,820</u>	<u>\$ 16,020,278</u>

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

Table 3

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	\$ 4,573,723	\$ 3,233,335	\$ 3,169,453	\$ 1,477,141	\$ 4,455,303	\$ 1,699,825
Unreserved	<u>12,218,787</u>	<u>13,685,063</u>	<u>13,706,134</u>	<u>16,050,997</u>	<u>17,827,631</u>	<u>17,982,016</u>
Total general fund	<u>\$16,792,510</u>	<u>\$16,918,398</u>	<u>\$16,875,587</u>	<u>\$17,528,138</u>	<u>\$22,282,934</u>	<u>\$19,681,841</u>
All Other Governmental Funds						
Reserved	\$14,525,251	\$14,231,390	\$13,607,759	\$15,564,016	\$13,942,519	\$31,887,038
Unreserved, reported in:						
Special revenue funds	11,886,631	9,720,412	5,777,233	7,277,471	7,586,898	7,431,931
Debt service fund	-	(68,569)	(56,320)	-	-	-
Capital projects funds	5,846,016	7,353,593	11,191,461	(981,248)	4,195,354	7,875,448
Permanent funds	<u>70,091</u>	<u>71,373</u>	<u>73,628</u>	<u>83,367</u>	<u>115,825</u>	<u>33,958</u>
Total all other governmental funds	<u>\$32,327,989</u>	<u>\$31,308,199</u>	<u>\$30,593,761</u>	<u>\$21,943,606</u>	<u>\$25,840,596</u>	<u>\$47,228,375</u>

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

Table 4

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues						
Taxes	\$ 25,508,936	\$ 27,861,273	\$ 29,430,135	\$ 30,043,167	\$ 32,526,525	\$ 33,898,692
Special assessments	561,406	717,305	197,195	322,214	586,459	177,585
Licenses and permits	753,990	1,063,081	1,078,722	965,712	1,052,896	1,153,429
Intergovernmental	17,249,290	17,057,994	18,370,358	15,021,722	16,744,703	14,256,523
Charges for services	5,325,031	5,666,307	5,918,542	6,620,243	7,351,191	7,833,151
Fines and forfeits	465,787	241,572	267,536	204,201	158,360	188,603
Investment earnings	1,750,519	502,932	1,197,691	1,096,445	1,913,420	2,731,953
Contributions	447,960	345,415	306,809	246,908	1,168,463	6,134,002
Gaming	9,539,598	11,631,022	11,694,105	14,034,847	15,556,551	15,346,468
Miscellaneous	1,312,348	1,139,057	1,573,305	1,106,991	1,149,546	1,269,376
Total revenues	<u>62,914,865</u>	<u>66,225,958</u>	<u>70,034,398</u>	<u>69,662,450</u>	<u>78,208,114</u>	<u>82,989,782</u>
Expenditures						
Current						
Public safety	15,278,654	16,764,510	18,652,246	19,535,369	20,743,196	21,542,661
Public works	11,860,004	10,723,527	21,301,239	11,605,567	12,506,378	16,331,107
Health and social services	749,435	721,906	662,231	715,598	783,209	797,644
Culture and recreation	7,515,522	7,470,264	8,180,832	9,998,462	10,244,244	10,277,787
Community and economic development	9,010,868	11,924,011	9,825,470	9,981,645	11,695,902	11,847,512
General government	3,835,609	4,227,335	4,022,785	4,090,866	4,441,043	6,310,939
Debt service						
Principal	2,009,986	2,117,773	1,769,960	1,325,970	1,663,339	1,762,375
Interest	1,668,019	1,304,802	1,240,427	1,493,504	1,412,012	2,406,431
Capital projects	<u>9,930,311</u>	<u>6,865,119</u>	<u>8,226,840</u>	<u>14,528,340</u>	<u>8,227,257</u>	<u>15,351,848</u>
Total expenditures	<u>61,858,408</u>	<u>62,119,247</u>	<u>73,882,030</u>	<u>73,275,321</u>	<u>71,716,580</u>	<u>86,628,304</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>	<u>6,491,534</u>	<u>(3,638,522)</u>
Other Financing Sources (Uses)						
Issuance of bonds	-	-	-	13,682	743,591	23,083,696
Issuance of refunding bonds	150,000	795,000	7,277,665	1,515,750	-	2,965,000
Discount on bonds	-	-	(58,487)	-	-	(266,158)
Payment to refunded bonds escrow agent	(150,000)	-	-	(1,494,371)	-	(2,875,000)
Transfers in	5,367,986	8,662,300	12,981,655	7,334,605	10,394,726	14,801,589
Transfers out	(21,073,805)	(15,060,669)	(16,105,184)	(11,904,890)	(11,789,548)	(18,185,109)
Sale of capital assets	117,239	264,344	170,642	150,491	2,811,483	2,901,190
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>	<u>2,160,252</u>	<u>22,425,208</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>	<u>\$ 8,651,786</u>	<u>\$ 18,786,686</u>
Debt service as a percentage of noncapital expenditures	7.37%	6.32%	5.46%	4.99%	5.01%	6.55%

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		
1997	1999	\$ 1,354,421	\$ 1,987,466	\$ 10,319	\$ 1,344,102	\$ 1,987,466		67.63	11.07340
1998	2000	1,389,352	1,990,428	10,018	1,379,334	1,990,428		69.30	10.71601
1999	2001	1,377,518	2,014,897	10,194	1,367,324	2,014,897		67.86	11.06712
2000	2002	1,429,025	2,050,019	10,097	1,418,928	2,050,019		69.22	10.76080
2001	2003	1,540,206	2,317,926	10,141	1,530,065	2,317,926		66.01	10.21200
2002	2004	1,572,776	2,350,317	9,694	1,563,082	2,350,317		66.51	10.27303
2003	2005	1,666,033	2,575,400	9,599	1,656,434	2,575,400		64.32	10.07200
2004	2006	1,710,334	2,679,078	9,862	1,700,472	2,679,078		63.47	9.69910
2005	2007	1,780,354	2,804,568	9,122	1,771,232	2,804,568		63.16	9.98030
2006	2008	1,823,304	2,870,178	8,939	1,814,365	2,870,178		63.21	10.31690

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
1997	1999	\$ 11.07340	\$ 11.98226	\$ 0.50368	\$ 0.48592	\$ 5.52169	\$ 29.56695	37.45 %
1998	2000	10.71601	11.53111	0.56187	0.55128	5.54016	28.90043	37.08
1999	2001	11.06712	12.17096	0.50467	0.56995	5.60750	29.92020	36.99
2000	2002	10.76080	13.50444	0.54806	0.57072	5.73669	31.12071	34.58
2001	2003	10.21200	13.73882	0.55492	0.57507	5.60064	30.68145	33.28
2002	2004	10.27303	13.84768	0.61686	0.57791	5.59515	30.91063	33.23
2003	2005	10.07200	14.27491	0.57269	0.59804	6.08923	31.60687	31.87
2004	2006	9.69910	15.09695	0.60226	0.60517	6.08416	32.08764	30.23
2005	2007	9.98033	15.92538	0.60802	0.61127	6.17924	33.30424	29.97
2006	2008	10.31690	16.40925	0.63160	0.61270	6.42691	34.39736	29.99

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	2008			1999			Percentage of Total City Taxable
	Taxable		Assessed	Taxable		Assessed	
	Assessed Value	Rank	Value	Assessed Value	Rank	Value	
Kennedy Mall	\$ 26,372	1	.92 %	\$ 19,990	3		1.13 %
Otto A LLC	17,500	2	.61				
Nordstrom, Inc.	16,834	3	.59	12,854	4		.72
Medical Associates Realty	13,631	4	.47	9,955	5		.56
McGraw Hill	11,437	5	.40	7,366	9		.41
Walter Development	11,288	6	.39				
Platinum Holdings	11,179	7	.39				
Minglewood Limited Partnership	9,948	8	.35				
American Trust & Savings Bank	9,947	9	.35	7,278	10		.41
Asbury Dubuque	9,896	10	.34				
Plaza 20 Inc.				7,861	8		.44
Interstate Power Company				53,944	1		3.04
Peoples Natural Gas				20,395	2		1.15
A.Y. McDonald Manufacturing Co.				8,150	7		.46
U.S. West Communications				9,199	6		.52
	\$ 138,032		4.81%	\$ 156,992			8.84%

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
						Collections	Total		
1999	16,587	16,528	99.6	121	16,649	100.4		129	0.8
2000	16,497	16,380	99.3	115	16,495	100.0		138	0.8
2001	17,163	16,662	97.1	120	16,782	97.8		150	0.9
2002	17,147	16,941	98.8	127	17,068	99.5		238	1.4
2003	15,328	15,215	99.3	216	15,431	100.7		130	0.8
2004	16,208	15,937	98.3	11	15,948	98.4		207	1.3
2005	16,408	16,383	99.8	20	16,403	100.0		196	1.2
2006	16,229	16,146	99.5	2	16,148	99.5		182	1.1
2007	17,216	17,193	99.9	4	17,197	99.9		174	1.0
2008	18,211	18,160	99.7	3	18,163	99.7		215	1.2

(1) Includes tax increment levy.

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

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

Table 9

Fiscal Year	Governmental Activities			Business-Type Activities				Percentage of Personal Income (1)	Per Capita (1)
	Tax Increment Financing Bonds		Tax Increment Financing Notes	General Obligation Bonds	Capital Loan Notes	Revenue Bonds	Total Primary Government		
	General Obligation Bonds	Increment Financing Bonds							
1999	\$ 5,300,000	\$ 2,445,500	\$ -	\$ 1,890,000	\$ -	\$ 2,210,000	\$ 11,845,500	0.86%	210
2000	4,522,500	4,378,669	-	3,572,500	-	2,055,000	14,528,669	1.00%	257
2001	3,405,000	5,963,585	-	9,005,000	-	1,890,000	20,263,585	1.34%	351
2002	20,945,000	5,873,155	-	3,105,000	-	1,720,000	31,643,155	2.05%	549
2003	19,865,000	4,943,169	-	5,140,000	-	1,540,000	31,488,169	1.98%	546
2004	19,010,000	3,820,394	655,000	6,660,000	-	1,350,000	31,495,394	1.85%	546
2005	24,960,000	3,450,820	622,211	8,090,000	-	1,150,000	38,273,031	2.16%	663
2006	24,165,750	3,040,304	590,439	11,619,250	-	940,000	40,355,743	2.17%	700
2007	22,990,000	2,594,831	1,279,885	11,090,000	-	720,000	38,674,716	2.01%	670
2008	21,860,000	25,136,402	1,279,636	11,570,000	611,977	490,000	60,948,015	*	1,057

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

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

* Personal Income unavailable at report date.

CITY OF DUBUQUE, IOWA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS, EXCEPT PER CAPITA 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
1999	\$ 5,300	\$ 1,344,102	0.39%	\$ 1,987,466	0.27%	94
2000	4,523	1,379,334	0.33%	1,990,428	0.23%	80
2001	3,405	1,367,324	0.25%	2,014,897	0.17%	59
2002	20,945	1,418,928	1.48%	2,050,019	1.02%	363
2003	19,865	1,530,057	1.30%	2,317,926	0.86%	344
2004	19,010	1,563,082	1.22%	2,350,317	0.81%	330
2005	24,960	1,656,434	1.51%	2,575,400	0.97%	433
2006	24,166	1,700,472	1.42%	2,679,078	0.90%	419
2007	22,990	1,771,232	1.30%	2,804,568	0.82%	399
2008	21,860	1,814,365	1.20%	2,870,178	0.76%	379

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

CITY OF DUBUQUE, IOWA**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****AS OF JUNE 30, 2008****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	\$ 21,860,000 (1)	100.00%	\$ 21,860,000
Overlapping:			
Dubuque County	1,380,000	57.34	791,268
Dubuque Public School District	-	-	-
Northeast Iowa Community College	1,080,000	22.75	245,747
Total Overlapping	2,460,000		1,037,015
Total	\$ 24,320,000		\$ 22,897,015

Source: Dubuque County Auditor and Northeast Iowa Community College.

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

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

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

Table 12

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debit limit	\$ 99,373	\$ 99,521	\$ 100,745	\$ 102,359	\$ 115,896	\$ 117,516	\$ 133,149	\$ 138,789	\$ 145,401	\$ 148,824
Total net debt applicable to limit	<u>8,545</u>	<u>10,511</u>	<u>18,687</u>	<u>30,250</u>	<u>30,271</u>	<u>30,185</u>	<u>37,177</u>	<u>39,443</u>	<u>38,060</u>	<u>60,485</u>
Legal debit margin	<u>\$ 90,828</u>	<u>\$ 89,010</u>	<u>\$ 82,058</u>	<u>\$ 72,109</u>	<u>\$ 85,625</u>	<u>\$ 87,331</u>	<u>\$ 95,972</u>	<u>\$ 99,346</u>	<u>\$ 107,341</u>	<u>\$ 88,339</u>
The net debt applicable to the debt limit as a percentage of debt limit	8.60%	10.56%	18.55%	29.55%	26.12%	25.69%	27.92%	28.42%	26.18%	40.64%

Legal Debt Margin Calculation for Fiscal Year 2008

Estimated actual value	<u>\$ 2,976,480,060</u>
Debt limit - 5% of total actual valuation	\$ 148,824,003
Debt applicable to limit: (Including GO Debt, TIF Debt, and Lease Obligations Paid from General Fund)	<u>60,484,713</u>
Legal debt margin	<u>\$ 88,339,290</u>

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

Table 13

Fiscal Year	Gross		Operating		For Debt Service	Debt Service Requirements			Coverage (3)		
	Revenue		Available								
	Revenues (1)	Expenses (2)				Principal	Interest	Total			
1999	\$ 1,303	\$ 584	\$ 719	\$ 155	\$ 98	\$ 253		2.84			
2000	1,278	582	696	165	93	258		2.70			
2001	1,552	717	835	170	86	256		3.26			
2002	1,452	737	715	180	79	259		2.76			
2003	1,484	847	637	190	71	261		2.44			
2004	1,659	971	688	200	63	263		2.62			
2005	1,934	960	974	210	54	264		3.69			
2006	1,933	977	956	220	44	264		3.62			
2007	2,113	1,014	1,099	230	34	264		4.16			
2008	2,224	1,495	729	240	23	263		2.77			

(1) Total revenues (including interest).

(2) Total operating expenses, exclusive of depreciation.

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

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

Table 14

<u>Fiscal Year</u>		<u>Water Receipts</u>		<u>Sewer Receipts</u>
1999	\$	3,770,976	\$	4,806,765
2000		4,055,270		4,834,413
2001		4,135,930		4,387,111
2002		4,233,908		4,319,655
2003		4,154,899		4,252,098
2004		4,350,338		4,466,035
2005		4,340,789		4,478,205
2006		4,798,408		4,920,376
2007		4,856,353		5,276,454
2008		5,020,001		5,481,074

Source: Cash basis receipt ledgers.

CITY OF DUBUQUE, IOWA
WATER METERS BY RATE CLASS
LAST THREE 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

*Prior seven years information not available.

CITY OF DUBUQUE, IOWA
LARGEST WATER AND SEWER CUSTOMERS
FISCAL YEAR 2008

Table 16

Customer	Water		Percentage of		Percentage of	
			Total Water		Sewer	
	Receipts	Rank	Receipts	Receipts	Rank	Receipts
Rousselot Inc.	\$ 185,763	1	3.70 %	\$ 345,941	1	6.31 %
Swiss Valley Farms	57,357	2	1.14	194,950	2	3.56
Mercy Medical Center	56,450	3	1.12	81,875	4	1.49
Alliant Power Company	49,560	4	0.99			
Jeld-Wen	37,782	5	0.75			
Finley Hospital	31,495	6	0.63	42,389	9	0.77
Clarke College	31,203	7	0.62	40,555	10	0.74
Loras College	29,628	8	0.59	48,190	6	0.88
City of Dubuque Sewer Treatment	29,096	9	0.58			
Premier Linen & Dry Cleaning	29,011	10	0.58	45,533	7	0.83
Inland Protein Corporation				117,438	3	2.14
Western Dubuque Biodiesel				52,389	5	0.96
Tablemound Mobile Home Park				43,665	8	0.80
 Total Receipts	 \$ 5,020,001			 \$ 5,481,074		

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)			
1999	56,467	\$ 2,173,097,000	\$ 24,435	34	9,735	2.6
2000	56,467	2,293,137,000	25,691	34	9,697	2.7
2001	57,686	2,345,539,000	26,309	34	9,680	4.0
2002	57,686	2,421,441,000	26,760	37	9,906	3.9
2003	57,686	2,491,982,000	27,631	37	10,122	4.0
2004	57,686	2,695,504,000	29,549	37	10,428	4.4
2005	57,686	2,807,625,000	30,650	37	10,547	4.5
2006	57,686	2,983,000,000	32,290	37	10,733	3.5
2007	57,686	3,074,666,000	33,290	37	10,727	3.7
2008	57,686	*	*	38	10,614	3.8

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 2000

Table 18

Employer	2008			2000		
	# of	Percentage of		# of	Percentage of	
		Employees	Rank	Total City	Employees	Total City
John Deere (2)	1,800	1	3.44 %	2,250	1	4.64 %
Dubuque Community Schools	1,627	2	3.10	1,500	2	3.10
Mercy Medical Center	1,324	3	2.53	1,500	2	3.10
Finley Hospital	920	4	1.76	850	8	1.75
Eagle Window & Door	750	5	1.43	450	10	.93
Medical Associates	743	6	1.42	950	6	1.96
City of Dubuque	604	7	1.15			
Prudential Retirement	550	8	1.05			
Holy Family Catholic Schools	500	9	.95			
Flexsteel	450	10	.86	825	9	1.70
Dubuque County	450	10	.86			
Farmland Foods				1,300	4	2.68
Times Mirror (Formerly Wm C. Brown)				1,000	5	2.06
Interstate Power Company				930	7	1.92
	<u>9,718</u>			<u>11,555</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.

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

CITY OF DUBUQUE, IOWA
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/DEPARTMENT
LAST TEN FISCAL YEARS**
Table 19

	Full-Time Equivalent Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Emergency Communications	9.00	9.00	10.00	10.00	10.00	10.00	10.00	11.00	11.00	11.00
Fire	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Police	90.00	95.00	95.00	96.00	97.00	97.00	97.00	99.00	100.00	101.00
Building Services	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Public Works										
Public Works	80.00	81.00	81.00	83.00	86.02	87.30	88.55	87.00	87.00	87.00
Engineering	22.00	22.00	24.00	24.00	24.00	24.00	24.00	25.00	25.00	25.00
Health & Social Services										
Health Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Human Rights	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Culture and Recreation										
Civic Center	9.15	9.15	9.15	9.15	9.15	9.15	9.15	1.15	0.15	0.15
Library	17.00	17.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Park	20.92	20.92	20.92	21.92	21.92	21.92	21.92	21.92	21.92	21.92
Recreation	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	7.93	7.93
Community & Economic Development										
Community / Economic Dev	5.00	5.00	5.00	5.00	3.00	3.00	3.00	3.00	3.00	3.00
Housing Services	18.00	18.00	18.00	20.00	20.25	20.00	21.00	21.00	20.25	18.00
Planning Services	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00
General Government										
Airport	13.00	13.00	13.00	13.00	14.00	13.00	13.00	13.00	13.23	12.00
Cable TV	3.00	3.00	3.00	3.00	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	9.00	9.00	11.00	10.00	10.00	11.00	11.00	11.00
Finance	16.00	16.00	16.00	16.00	16.00	15.00	14.00	14.00	14.00	14.00
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.62	3.00	3.00
Information Services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00
Business Type										
Water	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00
Water Pollution Control	19.00	19.00	19.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Parking	8.00	8.00	9.00	11.00	11.50	10.50	10.50	8.00	8.00	7.00
Transit	12.00	12.00	12.00	7.50	8.00	7.00	7.00	8.55	8.00	7.00
Total	505.00	511.00	516.00	518.50	523.77	519.80	521.05	518.17	516.48	512.00

Source: City Budget Records.

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

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Public Safety					
Police					
Physical arrests ¹	2,825	2,807	2,564	-	4,000
Traffic violations ²	-	-	-	2,462	2,126
Parking violations ³	-	-	-	-	51,162
Fire					
Number of calls answered	3,336	3,158	3,736	4,774	3,974
Inspections conducted	742	829	805	841	524
Sewer					
Sewage system					
Daily average treatment in gallons	10,200,000	10,200,000	9,000,000	9,000,000	8,000,000
Maximum daily capacity of treatment plant in gallons	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Water systems					
Daily average consumption in gallons	8,519,740	8,000,000	8,000,000	8,000,000	8,000,000
Maximum daily capacity of plant in gallons	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Refuse (Municipal Collection)					
Tonnage	14,171	14,279	13,979	13,594	10,435

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				
2004	2005	2006	2007	2008
4,550	4,795	4,790	5,078	5,090
2,427	2,171	2,111	1,986	6,881
49,985	51,004	46,575	42,530	40,741
4,181	4,300	4,176	4,454	4,699
408	1,135	409	360	624
8,000,000	8,500,000	8,500,000	8,000,000	10,310,000
15,000,000	13,500,000	13,500,000	13,500,000	13,500,000
8,000,000	7,720,000	7,360,000	7,647,685	5,793,309
18,000,000	18,000,000	18,000,000	18,000,000	17,000,000
10,330	10,428	10,573	10,807	11,798

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Public safety					
Police					
Stations	1	1	1	1	1
Patrol units	18	18	18	18	18
Fire					
Stations	6	6	6	6	6
Aerial trucks	3	3	3	3	3
Public works					
Streets					
Miles (1)	*	*	*	*	273
Street lights (1)	*	*	1,191	1,195	1,500
Health and social services					
Hospital	2	2	2	2	2
Number of patient beds	649	478	478	478	584
Cultural and recreation					
Library	1	1	1	1	1
Golf	1	1	1	1	1
Parks	33	38	38	39	42
Acreage	741	833	833	834	850
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	20,000	20,550	20,550	20,200	20,800
Water systems					
Miles of water mains	250	301	302	305	305
Number of service connectors	20,000	21,130	21,000	20,550	21,032
Number of city owned fire hydrants	2,004	2,635	2,685	2,712	2,713

Sources: Various City Departments.

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

Table 21

Fiscal Year				
2004	2005	2006	2007	2008
1 18	1 19	1 19	1 19	1 19
6 3	6 3	6 3	6 3	6 3
290 1,591	290 1,631	295 1,755	307 1,802	317 1,855
2 560	2 421	2 421	2 405	2 405
1 1 42 850	1 1 44 855	1 1 44 845	1 1 47 898	1 1 47 898
1 2 7 1 20	1 2 7 1 20	1 2 7 1 19	1 2 8 1 19	1 2 7 1 20
*	*	263	286	290
*	*	116	120	122
1	1	1	1	1
21,000	21,000	21,443	21,568	21,633
310 21,206 2,736	312 21,016 2,770	313 21,257 2,780	315 21,210 2,798	316 21,243 2,812

COMPLIANCE SECTION

CITY OF DUBUQUE, IOWA



CPAs & BUSINESS ADVISORS

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dubuque, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion 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 would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including a deficiency we consider to be a material weakness.

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

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

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part III of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

We noted certain matters that we reported to management of the City of Dubuque, Iowa, in a separate letter dated December 16, 2008.

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

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



Dubuque, Iowa
December 16, 2008



CPAs & BUSINESS ADVISORS

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

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

Compliance

We have audited the compliance of the City of Dubuque, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Dubuque, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Dubuque, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

A handwritten signature in black ink, appearing to read "Eddie Saurly LCP". The signature is fluid and cursive, with "Eddie" and "Saurly" being the most prominent parts.

Dubuque, Iowa
December 16, 2008

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
Department of Housing and Urban Development:			
Community Development Block Grants/ Entitlement Grants	14.218	B-05-MC-19-0004	<u>\$ 1,199,696</u>
Community Development Block Grants/ Special Purpose Grants/Insular Areas	14.225	IA05SPG23	<u>48,318</u>
Shelter Plus Care	14.238	IA26C601021	<u>5,482</u>
Fair Housing Assistance Program – State and Local	14.401	FF207K077006	<u>26,700</u>
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-002	1,112
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	KC-9004MR-005	<u>58,474</u> <u>59,586</u>
Section 8 Housing Choice Vouchers	14.871	KC-9004V	<u>4,244,775</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	IALHB0375-07	<u>225,099</u>
Department of Justice:			
Bulletproof Vest Partnership Program	16.607	2006BUBX050	2,529
Bulletproof Vest Partnership Program	16.607	2005BUBX050	<u>8</u> <u>2,537</u>
Department of Transportation:			
Airport Improvement Program	20.106	3-19-0028-43	47,531
Airport Improvement Program	20.106	3-19-0028-38	22,909
Airport Improvement Program	20.106	3-19-0028-42	16,316
Airport Improvement Program	20.106	3-19-0028-44	<u>30,247</u> <u>117,003</u>
Federal Transit – Capital Investment Grants	20.500	IA-90-X339-00	<u>947,561</u>
Department of Homeland Security:			
Assistance to Firefighters Grant	97.044	EMW-2006-FG-07317	<u>394,081</u>
Total Direct			<u>7,270,838</u>
			(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/ Entitlement Grants	14.218	03-CDTA-DUB	<u>\$ 15,000</u>
Department of the Interior:			
State Historical Society of Iowa:			
Historic Preservation Fund Grants-In-Aid	15.904	2007-02	<u>8,200</u>
Department of Justice:			
Attorney General's Crime Victim Assistance Division:			
Violence Against Women Formula Grants	16.588	VW-08-24C	<u>2,104</u>
Dubuque County, Iowa:			
Public Safety Partnership and Community Policing Grants			
	16.710	07 JAG/C06-A16	<u>7,315</u>
Helping Services for Northeast Iowa, Inc.:			
Enforcing Underage Drinking Laws Program			
	16.727	20-JD06-F07	<u>5,196</u>
Enforcing Underage Drinking Laws Program			
	16.727	20-JD04-F506	<u>2,730</u>
			<u>7,926</u>
Dubuque County, Iowa:			
Edward Byrne Memorial Justice Assistance Grant Program			
	16.738	07 JAG/C06-F07	<u>20,619</u>
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-ES-2100(617)- -8I-31	32,280
Highway Planning and Construction	20.205	STP-U-2100(635)- -70-31	151,268
Highway Planning and Construction	20.205	STP-U-2100(634)- -70-31	761,709
Highway Planning and Construction	20.205	STP-E-2100(631)- -8V-31	28,412
Highway Planning and Construction	20.205	STP-E-2100(628)- -8V-31	144,842
Highway Planning and Construction	20.205	STP-A-020-9(187)- -22-31	59,272
Highway Planning and Construction	20.205	STP-A-020-9(186)- -22-31	201,098
Highway Planning and Construction	20.205	STP-U-2100(623)- -70-31	1,004,667
Highway Planning and Construction	20.205	STP-E-2100(618)- -8V-31	39,999
Highway Planning and Construction	20.205	ER-2100-(636)- -58-31	<u>223,544</u>
			<u>2,647,091</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities			
	20.513	16-X001-210-07	<u>28,623</u>
Job Access – Reverse Commute			
	20.516	37-X006-210-01	<u>33,912</u>

(continued)

CITY OF DUBUQUE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect: (continued)			
Department of Transportation: (continued)			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 08-03, TASK 06	\$ 25,640
State and Community Highway Safety	20.600	07-04, TASK 12	<u>5,360</u>
			<u>31,000</u>
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	PAP 07-163, TASK 27	<u>14,347</u>
Environmental Protection Agency:			
Iowa Finance Authority:			
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	<u>3,271</u>
			<u>23,685</u>
Department of Health and Human Services:			
Iowa Department of Public Health:			
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5888LP05	19,057
Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5887LP05	<u>2,875</u>
			<u>21,932</u>
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	3107	<u>7,772</u>
Corporation for National and Community Service:			
Iowa Commission on Volunteers:			
AmeriCorps	94.006	07-AF-13	<u>109,479</u>
Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance	97.036	FEMA-DR-1763-DR-IA	<u>94,870</u>
Total Indirect			
Total			

CITY OF DUBUQUE, IOWA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$ 232,060

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were:
 - CFDA Number 14.871 – Section 8 Housing Choice Vouchers
 - CFDA Number 97.044 – Assistance to Firefighters Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$310,341.
- (i) The City of Dubuque, Iowa, qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY/MATERIAL WEAKNESS

II-A-08 Preparation of Financial Statements – As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

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

Response – The American Institute of Certified Public Accountants implemented 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.

Conclusion – Response accepted.

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

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

SIGNIFICANT DEFICIENCY

II-B-08 Capital Assets – During our audit, there were adjustments to capital asset amounts. The City has a centralized custodian in the Finance Department who maintains a record of the City's capital assets, including additions and deletions made during the year. During the 2003 fiscal year, the City adopted Governmental Accounting Standards Board Statement No. 34. This statement increased the complexity of the capital assets by requiring governmental infrastructure and depreciation on governmental capital assets be reported. Adding to the complexity, the City has many large projects that are funded from more than one source, including transfers from multiple funds, bond proceeds, and grant revenue. In addition, the capital asset records are accumulated using many individual worksheets by fund and by department, leaving many opportunities for error.

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

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

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-08 Certified Budget – Function disbursements during the year ended June 30, 2008, did not exceed the amount budgeted.

III-B-08 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-08 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-08 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Stacie Scott, employee, spouse is owner of Scott Elite Concrete	Construction	\$ 7,120
Melissa McGinnis, employee, spouse is owner of Quality Brick	Construction	6,238

CITY OF DUBUQUE, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

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

Name, Title, and Business Connection	Transaction Description	Amount
Dick Voetberg, council member, part-owner of Shepherd, Inc.	Airport Services	\$ 3,014
Kevin Lynch, council member, owner of Net Smart	Services	670
Jim Welty, employee, spouse is owner of Circle DD Trucking, Inc.	Services	523
Cheryl Pregler, employee, spouse is owner of of Pregler Photography	Services	415
John Hefel, employee, spouse is owner of A Frame of Mind Framing & Gallery	Services	395
Ric Jones, council member, owner of RJ Productions	Services	300

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Net Smart, Circle DD Trucking, Inc., Pregler Photography, A Frame of Mind Framing & Gallery, or RJ Productions do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year. In accordance with Chapter 362.5(4) of the Code of Iowa, the transactions with Scott Elite Concrete, Quality Brick, and Shepard, Inc., do not appear to represent conflicts of interest since the transactions were entered into through competitive bidding.

- III-E-08 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- III-F-08 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-08 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-08 Revenue Bonds – No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.
- III-I-08 Solid Waste Fees Retainage – The Dubuque Metropolitan Area Solid Waste Agency, a component unit of the City, used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.