City of
Burlington, Iowa

Comprehensive Annual Financial Report

For the Year Ended June 30, 2007

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burlington
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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

President

Executive Director

City of Burlington, Iowa

Comprehensive Annual Financial Report

For the Year Ended June 30, 2007

Submitted By:

Department of Finance and Accounting
City of Burlington, Iowa

CITY OF BURLINGTON, IOWA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

TABLE OF CONTENTS

INTRODUCTORY SECTION

Table of Contents 1
Letter of Transmittal 3
City Organizational Chart 9
List of Principal Officials 10
Mission and Vision Statements 11

FINANCIAL SECTION

Independent Auditor's Report 13
Management's Discussion and Analysis 15
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Assets 29
Statement of Activities 30
Fund Financial Statements:
Balance Sheet - Governmental Funds 32
Reconciliation of the Balance Sheet to the Statement of Net Assets 33
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Governmental Funds 34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) to the Statement of Activities 35
Statement of Net Assets - Proprietary Funds 36
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds 38
Statement of Cash Flows - Proprietary Funds 40
Notes to Financial Statements 42

Required Supplementary Information:
Budgetary Comparison Schedule of Receipts, Disbursements and Change in Fund Balances, Budget and Actual, Governmental and Proprietary Funds 74
Budget to GAAP Reconciliation 75
Notes to Required Supplementary Information 76

Combining and Individual Fund Statements:
Combining Balance Sheet - Nonmajor Governmental Funds 78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Nonmajor Governmental Funds 79
Combining Statement of Net Assets - Internal Service Funds 80
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Internal Service Funds 82
Combining Statement of Cash Flows - Internal Service Funds 84

STATISTICAL SECTION

Change in Fund Balance-Governmental Funds..... 87
Government Funds-Fund Balance..... 88
Change in Net Assets..... 89
Primary Government Net Assets..... 91
Full Time Equivalent City Government Employees..... 92
Property Tax Levies and Collections..... 93
Property Tax Rates - All Direct and Overlapping Governments..... 94
General Government Revenues By Source..... 95
Ratio of Net General Obligation Bonded Debt Outstanding..... 96
Ratio of Outstanding debt by Type..... 97
Computation of Direct and Overlapping Bonded Debt – General Obligation Bonds..... 98
Computation of Legal Debt Margin..... 99
Legal Debt Margin, Last Ten Fiscal Years..... 100
Revenue Bond Coverage..... 101
Actual and Taxable Valuation..... 102

Principal Taxpayers..... 103
Major Area Employers..... 104
Historical Economic Data..... 105
Miscellaneous Statistical Data..... 106

COMPLIANCE SECTION

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards..... 107

Independent Auditor's Report on Compliance with Requirements Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133..... 109

Schedule of Expenditures of Federal Awards..... 111

Notes to Schedule of Expenditures of Federal Awards..... 112

Schedule of Findings and Questioned Costs..... 113

City of
Burlington

December 28, 2007

To the Honorable Mayor, Members of the City Council, and Citizens of the CITY OF BURLINGTON, IOWA:

State law requires that all general purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants or by the State Auditor's Office. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Burlington, Iowa, for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City of Burlington. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Burlington has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Burlington's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Burlington's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Burlington's financial statements have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City

City of Burlington ▪ 400 Washington ▪ Burlington, Iowa 52601

of Burlington for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City of Burlington's financial statements for the fiscal year ended June 30, 2006 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Burlington was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are contained in the compliance section of this comprehensive annual financial report.

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 MD&A and should be read in conjunction with it. The City of Burlington's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Burlington, incorporated in 1836 is located on the Mississippi River in the southeastern corner of the state. Burlington serves as the county seat of Des Moines County and as a regional trade center. The City of Burlington currently occupies a land area of 14 square miles and serves a population of 26,839. The City of Burlington is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Burlington has operated under the council-manager form of government since 1982. Policy-making and legislative authority are vested in a governing council consisting of five members elected at large. The mayor is selected by the City Council from their members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager, city clerk, and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with council members elected every two years.

The City of Burlington provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure, wastewater treatment, refuse collection, and recreational activities and cultural events. The City of Burlington is financially accountable for the legally separate Burlington Municipal Waterworks and the legally separate Southeast Iowa Regional Airport Authority (SEIRAA) both of which are reported separately within the City of Burlington's financial statements. The Friends of the Burlington Public Library Foundation is reported as a component unit since they raise funds for the exclusive use of the Burlington Public Library.

The annual budget serves as the foundation for the City of Burlington's financial planning and control. All agencies of the City of Burlington are required to submit requests for appropriation to the Deputy City Manager before the end of November of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to the end of January. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than March 15. The appropriated budget is prepared by fund, function (e.g., Public Safety), and department (e.g., police). Department heads may make transfers of appropriations within a department with the manager's approval. Transfers of appropriations between departments, however, require the special approval of the governing council. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the function level for all funds combined rather than at the individual fund level. The nine functions mandated by the State are: (1) Public Safety (2) Culture and Recreation (3) Community and Economic Development (4) Health and Social Services (5) Public Works (6) General Government (7) Debt Service (8) Capital Projects and (9)

Business Type Activities. Since the City maintains its budgets at the individual fund level, it is necessary to aggregate the expenditures of the budgeted activities within the individual funds on a function basis and to compare such function totals with the function budgeted totals in order to demonstrate legal compliance with the budget.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Burlington operates.

Local Economy. The local economy has continued to show signs of improvements in spite of a couple of setbacks. General Electric announced the sale of their switchgear line which is manufactured at their West Burlington facility. The facility will remain open, however, manufacturing the next generation of electrical switching components. Aldi, Inc. announced the closing of their warehouse facility, however, the building was purchased by Mississippi Bakery whom plans expansion into the facility.

Tjaden biochemical services opened a new facility engaging in bio technical research and manufacturing. Debecca Foods, a natural meat processor, entered into a purchase agreement with Grow Greater Burlington to purchase the shell building in Flint Ridge Business Park. Case New Holland received a state loan to expand manufacturing facilities and increase their employment levels.

The new Catfish Bend Casino opened for operation in Burlington expanding their operation to year round in Burlington. Previously, they operated a gambling boat six months in Burlington, six months in Fort Madison.

The City undertook the acquisition and clearing of twenty-three acres of area occupied by World War Two housing constructed by the federal government. This area is located on U.S. Highway 61 and will be redeveloped for commercial purposes. The City has entered into a purchase agreement with a Minneapolis, Minnesota developer who has plans for redevelopment of the area.

Finally, the City has seen increases in both Hotel/Motel taxes and local option sales tax indications of the improving local economy.

Cash Management Policies and Practices. Cash temporarily idle during the year is primarily invested in certificates of deposit of local financial institutions. This practice is in compliance with the City's investment policy as adopted by the City Council. Bids are informally solicited from those institutions and the funds invested at the best rate obtainable. Daily funds are deposited in money market accounts. Total interest earned during the year amounted to $ on an accrual basis.

Risk Management. Effective February 1, 1988 the City began self-insuring its property and liability coverages. The City purchases layers of reinsurance through various insurance companies with the City assuming a self-insured retention, per claim, of $50,000 for property losses and $250,000 for liability losses. In addition, the City self-insures its workers compensation coverages under the same basis with a self-insured retention of $100,000 per claim. In the aggregate, the City's losses for any one year cannot exceed $275,000. The City's self-insurance fund is treated as an internal service fund. Claims paid by the City are charged to this fund, which recovers its expenditures from the appropriate fund incurring the claim. In addition, effective July 1, 1983 the City entered into an Iowa Code Chapter 28E Agreement with Des Moines County to create a pooling arrangement to provide health and dental care benefits for it's employees. Premiums, based upon an annual actuarial review, are paid into a trust account out of which claims are paid. Effective July 1, 2003 the pool began to purchase coverage through Wellmark Blue Cross/Blue Shield with a $2,000/$4,000 deductible. The plan self-insures down to the lower deductible selected by the member. Additionally, prescription drug and dental coverages are still self-insured.

Pension Benefits. The City of Burlington provides pension benefits for its employees, through either the Municipal Fire and Police Retirement System of Iowa (MFPRSI) or The Iowa Public Employees Retirement System (IPERS). These benefits are provided through statewide plans managed by the appropriate State Pension Board. The City of Burlington has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the State Pension Board.

Additional information on the City of Burlington's pension arrangements can be found in notes to the financial statements.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burlington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

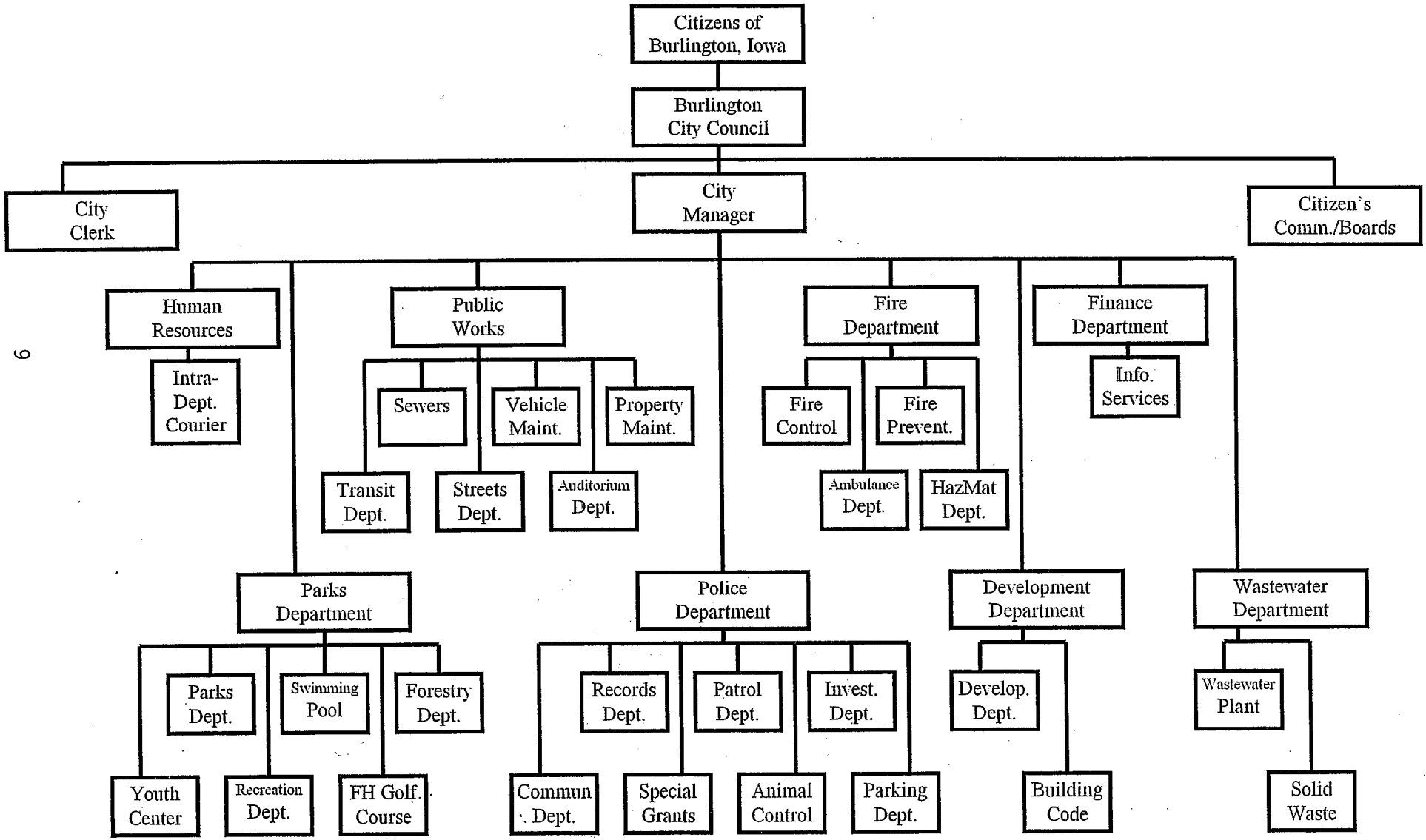
The government received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2006. In order to qualify for the Distinguished Budget presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must also be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Burlington's finances.

Bruce R. Slagle
City Manager

Douglas J. Worden, CPA
Deputy City Manager

City of Burlington
Organizational Chart



CITY OF BURLINGTON, IOWA

List of Principal Officials
June 30, 2007

ELECTED OFFICIALS

Mayor	Vacant
Mayor Pro tem	William I. Ell
Council Member	Mike Campbell
Council Member	Timothy Scott
Council Member	Gary Thomas

APPOINTED OFFICIALS

City Manager	Bruce Slagle
City Attorney	Scott Power
City Clerk	Kathleen Salisbury
Director of Development	Eric Larson
Deputy City Manager/Finance Director	Douglas J. Worden
Fire Chief	Tom Clements
Library Director	Karen Weiss
Parks and Recreation Superintendent	Phillip Collier
Personnel Director	Bev Hunter
Police Chief	Dan Luttenegger
Public Works Director	Ron Knoke
Wastewater Treatment Facility Superintendent	Donald Fitting

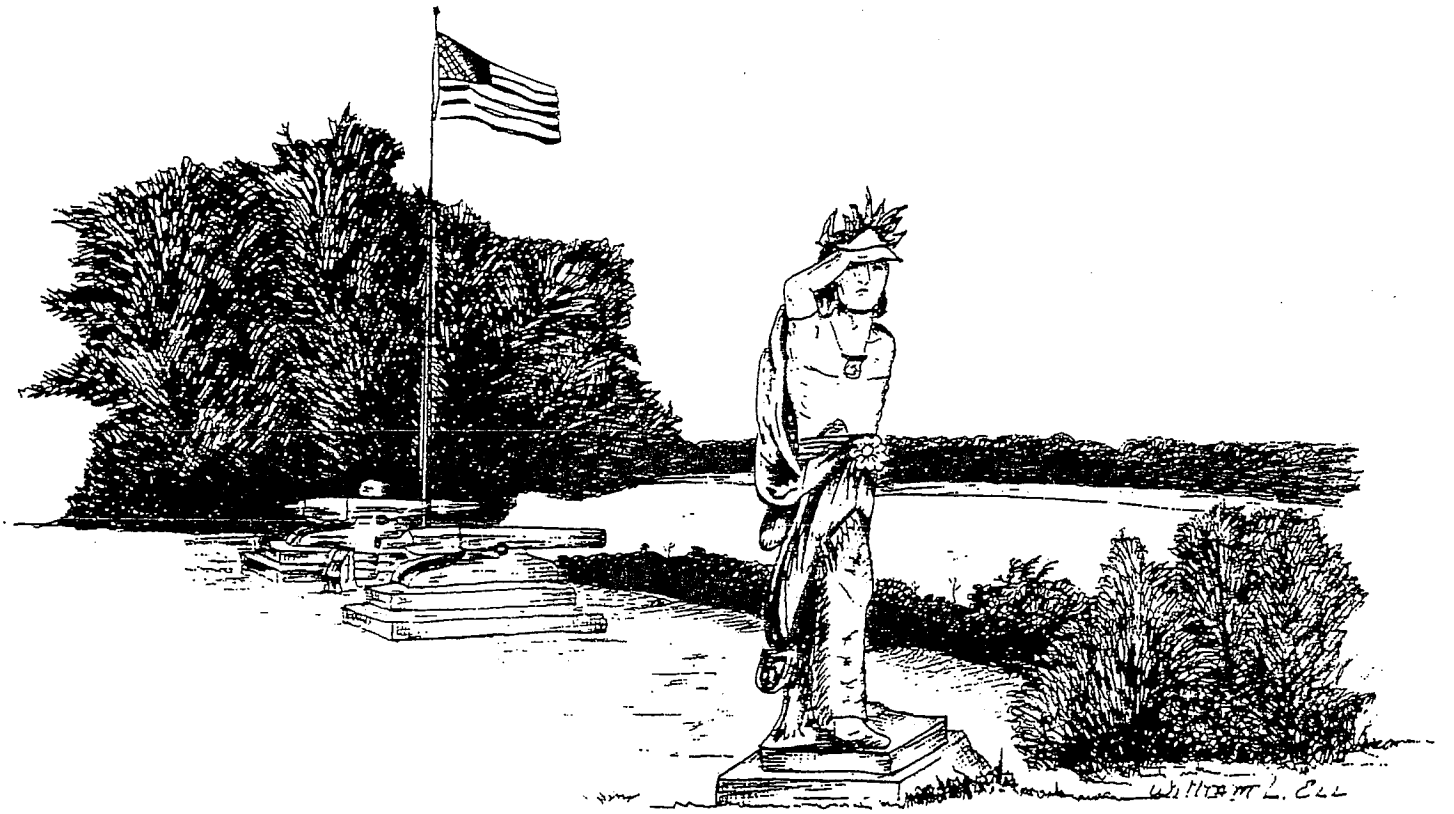
CITY OF BURLINGTON

MISSION STATEMENT

The mission of the City of Burlington is to provide consistent quality services to support a safe and healthy community. This commitment to excellence is based on the belief that well informed and involved citizens, in partnership with trained service oriented city employees will maintain and implement cost effective services which enable the community to meet future challenges and opportunities.

VISION STATEMENT

The City of Burlington believes in a strong partnership between customer-service oriented employees and well-informed and involved citizens whose pride and belief in the future encourages investment and progress.


WILLIAM L. ELL

EideBailly

CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Iowa, (the City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Burlington. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Burlington Municipal Waterworks, the Southeast Iowa Regional Airport Authority, and the Friends of the Burlington Public Library. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Burlington Municipal Waterworks, the Southeast Iowa Regional Airport Authority, and the Friends of the Burlington Public Library, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Iowa, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Burlington, 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 Burlington. 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.

Eide Bailly LLP

Dubuque, Iowa
December 17, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2007 is intended to give the readers an overview of and additional insight into the financial activities of the City over the past year. This will be done most effectively by reading this discussion in conjunction with the letter of transmittal and the financial statements.

Financial Highlights

- The assets of the City of Burlington exceeded its liabilities at the close of the most recent fiscal year by $51,289,754 (net assets), an increase of $278,375 from the previous year.

- At the close of the current fiscal year, the City of Burlington's governmental funds reported combined ending fund balances of $3,115,428, an increase of $2,089,569 in comparison with the prior year. The Debt Service Fund increased by $229,069. The General Fund decreased by $43,749. The Road Use Tax Fund decreased by $13,809, Local Option Sales Tax Fund increased by $108,927, Tax Increment increased by $21,437, Capital Projects increased by $1,826,260, Employee Benefits Fund increased by $6, and all other governmental funds decreased by $38,572.

- At the end of the current fiscal year, unreserved fund balances for the General Fund was $857,630 or 6.04 percent of total General Fund expenditures.

- The City of Burlington's total debt increased by $4,021,575 (11%) during the current fiscal year.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City of Burlington's basic financial statements. The statements comprise three components: 1)the government-wide financial statements, 2)the fund financial statements, and 3)the notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that the governmental and business-type activities are consolidated into statements intended to present the operations of the City as a whole.

The *Statement of Net Assets* presents the City's financial position, in its entirety, as of June 30. All of the City's assets and liabilities are presented with the difference between the two reported as net assets. In order to consolidate and present the City's activities as a whole, it is necessary to convert the governmental fund statements from a measurement focus of financial resources to a measurement focus of economic resources. Essentially, this adds long-term assets and liabilities to the fund financial statements.

On the right side of the statement, the Burlington Municipal Waterworks and the Southeast Iowa Regional Airport Authority are presented. The City appoints a majority of their board members and has a substantial financial responsibility for these organizations. Therefore, the City's financial statements would not be complete without reporting their activities. The focus of the statements, however, is clearly on the primary government. There are separately issued financial statements for these component units. Additionally, the Friends of the Burlington Public Library Foundation is reported since they raise funds exclusively for the benefit of the Burlington Public Library.

The *Statement of Activities* presents information showing how the City's net assets changed during the fiscal year. It focuses on the gross and net cost of various programs. This is intended to simplify the user's analysis of the cost of providing various government services and their funding sources.

The Governmental Activities reflects the City's basic services such as police, fire, parks, library, auditorium, public works, and general administration. Primary funding sources include sales and road use taxes, property taxes, service charges, and intergovernmental grants and funds. The Business-type Activities are intended to be self-funding through user fees and charges.

Fund Financial Statements

Traditional users of the City's financial statements will find the fund financial statements more familiar. The most noticeable change is the shift away from fund types and towards major funds. The City's funds are divided into two major categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities (the government-wide level). However, unlike the government-wide level, governmental funds focus on short-term inflows and outflows of financial resources rather than flow of economic (all) resources. This information is useful in evaluating short-term financing requirements and is typically the basis (plus encumbrances) for which the City's annual budget is developed. A more detailed list of differences between the governmental funds and the governmental activities can be found in the reconciliation provided in the fund financial statements.

The City has seven major funds: the General fund, the Debt Service Fund, the Road Use Tax Fund, the Local Option Sales Tax Fund, the Tax Increment Financing Fund, Employee Benefits Fund, and the Capital Projects Fund. The City also has nine non-major governmental funds. These funds are combined and reported in a single column in the governmental fund financial statements, but are reported individually elsewhere in the report.

The City uses funds to prepare its annual budget, but is not the legal level of control. The State of Iowa instead requires City's to budget at a higher "function" level that crosses funds and fund types. The eight levels are Public Safety, Culture and Recreation, Community and

Economic Development, Health and Social Services, Public Works, General Government, Debt Service, and Capital Projects. Legal compliance is demonstrated in the Budget to Actual Schedule in the required supplementary information immediately following the notes to the financial statements.

The basic governmental fund financial statements can be found on pages 29 - 30 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. They are the enterprise funds and the internal service funds. These funds are called proprietary, because the funds are run in a business-like manner. Enterprise funds primarily serve external customers and are self-funding through user charges. The enterprise funds present the same functions and use the same measurement focus as the business-type activities on the government-wide statements, but in more detail.

The City maintains five enterprise funds: the Sewer Fund, the Solid Waste Fund, the Recplex Fund, the Parking Fund, and the Flint Hills Golf Course Fund. They are all presented as major funds.

The internal service funds primarily serve City functions or other governmental entities. The internal service funds are consolidated into the governmental activities at the government-wide level.

The City maintains five internal services funds: the Property Maintenance Fund, the Vehicle Maintenance Fund, the Safety Coordination Fund, the Self Insurance Fund, and the Miscellaneous Service Fund. They are combined into a single, aggregated column in the proprietary fund financial statements, but are reported individually elsewhere in the report.

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. The notes to the financial statements are found on pages 42 - 73 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 78 – 84 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Burlington, assets exceeded liabilities by $51,289,754 at the close of the most recent fiscal year.

By far the largest portion of the City of Burlington's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Burlington uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Burlington's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Burlington Net Assets (000's)

	Governmental Activities		Business Type Activities		Total	Total
	2006	2007	2006	2007	2006	2007
Current and Other Assets	$ 12,282	$ 14,231	$ (240)	$ 297	$ 12,042	$ 12,368
Capital Assets	$ 53,606	$ 57,237	$ 34,951	$ 33,593	$ 88,557	$ 92,990
Total Assets	**$ 65,888**	**$ 71,468**	**$ 34,711**	**$ 33,890**	**$ 100,599**	**$ 105,358**
Long Term Liabilities outstanding	$ 28,321	$ 32,701	$ 8,905	$ 8,395	$ 37,226	$ 41,096
Other Liabilities	$ 11,707	$ 11,751	$ 655	$ 1,221	$ 12,362	$ 12,972
Total Liabilities	**$ 40,028**	**$ 44,452**	**$ 9,560**	**$ 9,616**	**$ 49,588**	**$ 54,068**
Net Assets:						
Invested in Capital Assets Net of Related Debt	$ 26,243	$ 32,087	$ 26,090	$ 25,376	$ 52,333	$ 57,463
Restricted	$ 498	$ 645	$ 542	$ 501	$ 1,040	$ 1,146
Unrestricted	$ (881)	$ (5,716)	$ (1,481)	$ (1,603)	$ (2,362)	$ (7,186)
Total Net Assets	**$ 25,860**	**$ 27,016**	**$ 25,151**	**$ 24,274**	**$ 51,011**	**$ 51,290**

A portion of the City of Burlington's net assets (2%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current year the City's unrestricted net assets were ($7,319,228).

There was a decrease of $4,958,395 in the City's unrestricted assets.

The City's net assets increased by $278,375 during the current fiscal year.

Governmental activities. Governmental activities increased the City of Burlington's net assets by $1,155,595, thereby accounting for the total growth in the net assets of the City of Burlington. Key elements of this increase are as follows:

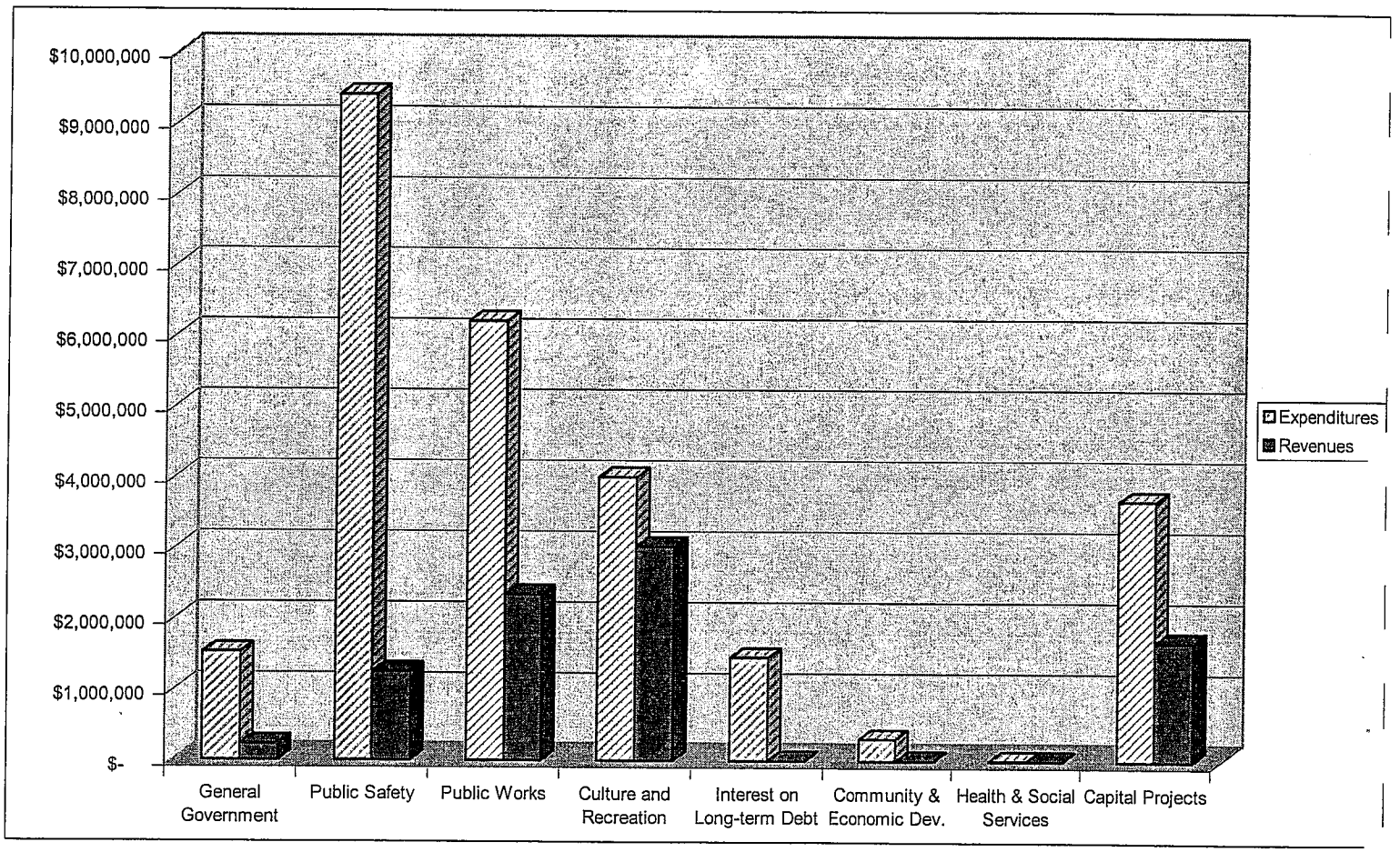
City of Burlington's Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	Total
	2006	2007	2006	2007	2006	2007
Revenues:						
Program Revenues						
Charges for Services	$ 3,162,106	$ 3,293,990	$ 4,726,925	$ 5,297,641	$ 7,889,031	$ 8,591,631
Operating Grants & Contributions	$ 2,740,265	$ 2,832,876			$ 2,740,265	$ 2,832,876
Capital Grants and Contributions	$ 7,058,709	$ 4,539,926	$ 275,206	$ 292,049	$ 7,333,915	$ 4,831,975
General Revenues:						
Property Taxes	$ 9,707,204	$ 9,603,728	$ -	$ -	$ 9,707,204	$ 9,603,728
Other Taxes	$ 4,427,377	$ 4,931,632	$ -	$ -	$ 4,427,377	$ 4,931,632
Grants & Contributions not Restricted to Specific Programs	$ 1,460	$ 116,944	$ -	$ -	$ 1,460	$ 116,944
Other	$ 1,675,006	$ 1,933,847	$ 640,157	$ 575,586	$ 2,315,163	$ 2,509,433
Total Revenues	$ 28,772,127	$ 27,252,943	$ 5,642,288	$ 6,165,276	$ 34,414,415	$ 33,418,219
Expenses:						
General Government	$ 1,466,664	$ 1,525,097	$ -	$ -	$ 1,466,664	$ 1,525,097
Public Safety	$ 9,383,857	$ 9,405,488	$ -	$ -	$ 9,383,857	$ 9,405,488
Public Works	$ 6,155,706	$ 6,214,676	$ -	$ -	$ 6,155,706	$ 6,214,676
Culture and Recreation	$ 3,552,327	$ 4,004,287	$ -	$ -	$ 3,552,327	$ 4,004,287
Community & Economic Dev	$ 321,534	$ 307,679			$ 321,534	$ 307,679
Health & Social Services	$ 1,027	$ 3,470			$ 1,027	$ 3,470
Capital Projects	$ 4,767,471	$ 3,674,836			$ 4,767,471	$ 3,674,836
Interest on Long Term Debt	$ 1,180,074	$ 1,457,941	$ -	$ -	$ 1,180,074	$ 1,457,941
Sewer	$ -	$ -	$ 4,196,415	$ 4,194,161	$ 4,196,415	$ 4,194,161
Solid Waste	$ -	$ -	$ 1,102,774	$ 1,111,637	$ 1,102,774	$ 1,111,637
RecPlex	$ -	$ -	$ 527,352	$ 595,717	$ 527,352	$ 595,717
Parking	$ -	$ -	$ 143,453	$ 164,361	$ 143,453	$ 164,361
Flint Hills Golf Course	$ -	$ -	$ 500,965	$ 480,494	$ 500,965	$ 480,494
Total Expenses	$ 26,828,660	$ 26,593,474	$ 6,470,959	$ 6,546,370	$ 33,299,619	$ 33,139,844
Increase in Net Assets Before Transfers	$ 1,943,467	$ 659,469	$ (828,671)	$ (381,094)	$ 1,114,796	$ 278,375
Transfers	$ 507,686	$ 496,126	$ (507,686)	$ (496,126)		
Increase (decrease) in Net Assets	$ 2,451,153	$ 1,155,595	$ (1,336,357)	$ (877,220)	$ 1,114,796	$ 278,375
Net Assets Beginning, as restated	$ 23,409,184	$ 25,860,337	$ 26,487,399	$ 25,151,043	$ 49,896,583	$ 51,011,379
Net Assets Ending	$ 25,860,337	$ 27,015,931	$ 25,151,042	$ 24,273,823	$ 51,011,379	$ 51,289,754

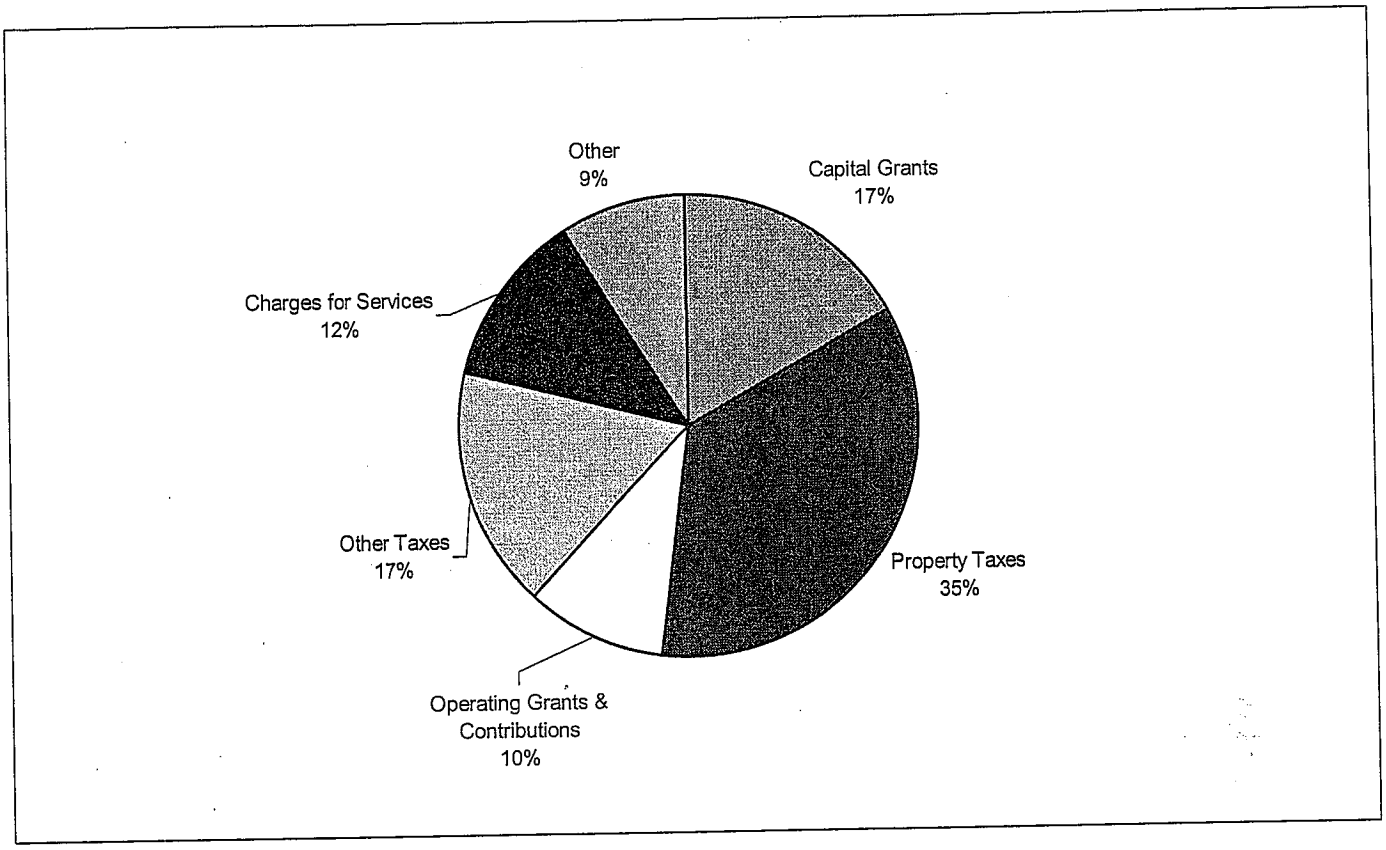
Total revenues for governmental purposes decreased by $1,519,184. The largest area to decrease was capital grants and contributions in the amount of $2,518,783. This decrease was primarily the result of large capital grants received during the prior fiscal year for The Vision Iowa project and a large grant for street construction purposes. The other area of decrease was in property taxes which was down $103,476 primarily as the result of a decrease in taxable

property values. All other revenues increased. Charges for services was up $131,884 resulting from increases in user fees. Other taxes increased by $504,255 primarily due to increasing sales tax and Hotel/Motel Tax revenues. Operating grants and contributions increased by $92,611, other revenues were up $374,325. Total expenditures for governmental purposes decreased by $235,186. The largest area of decrease was in Capital Projects which declined by $1,092,635 mainly as the result of large expenditures under the Vision Iowa program during the prior year. Culture and Recreation increased by $451,960 as the result of increased personnel and energy costs, but also is the result of increased Hotel/Motel Tax disbursements. All other areas experienced modest increases resulting from rising personnel and energy costs.

Expenses and Program Revenues – Governmental Activities (000's)

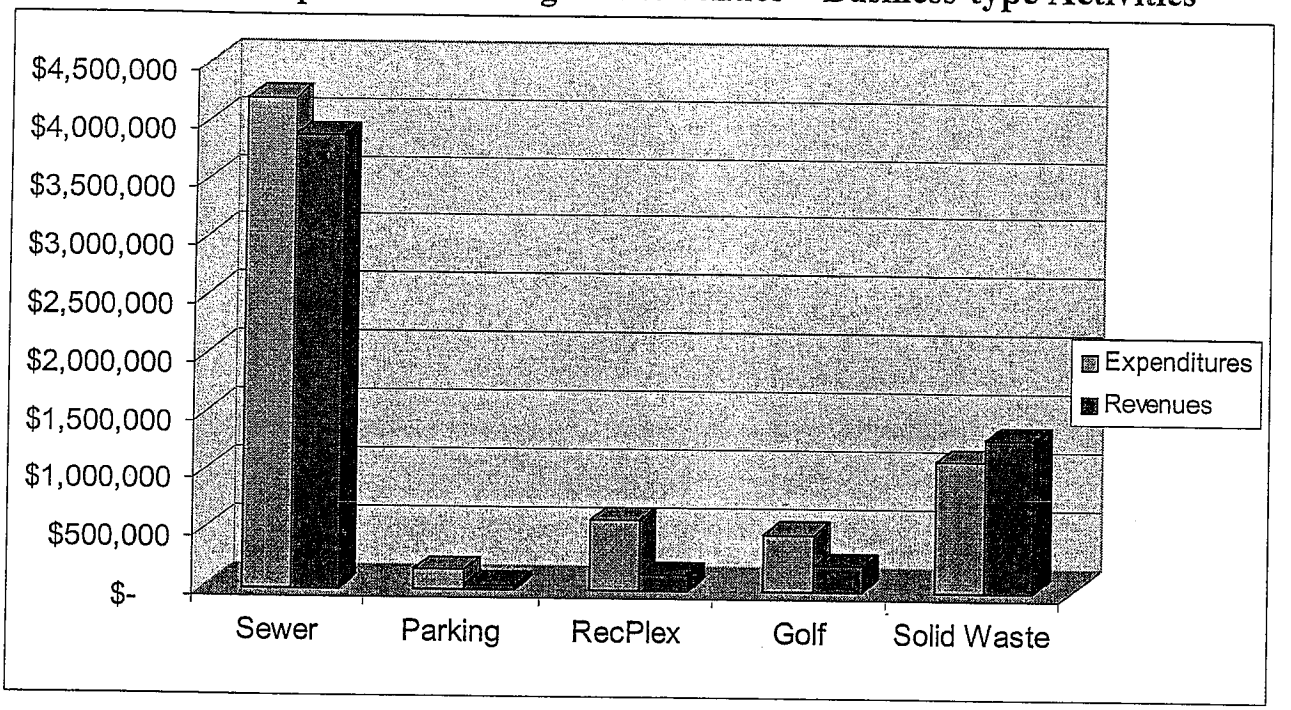


Revenues by Source – Governmental Activities

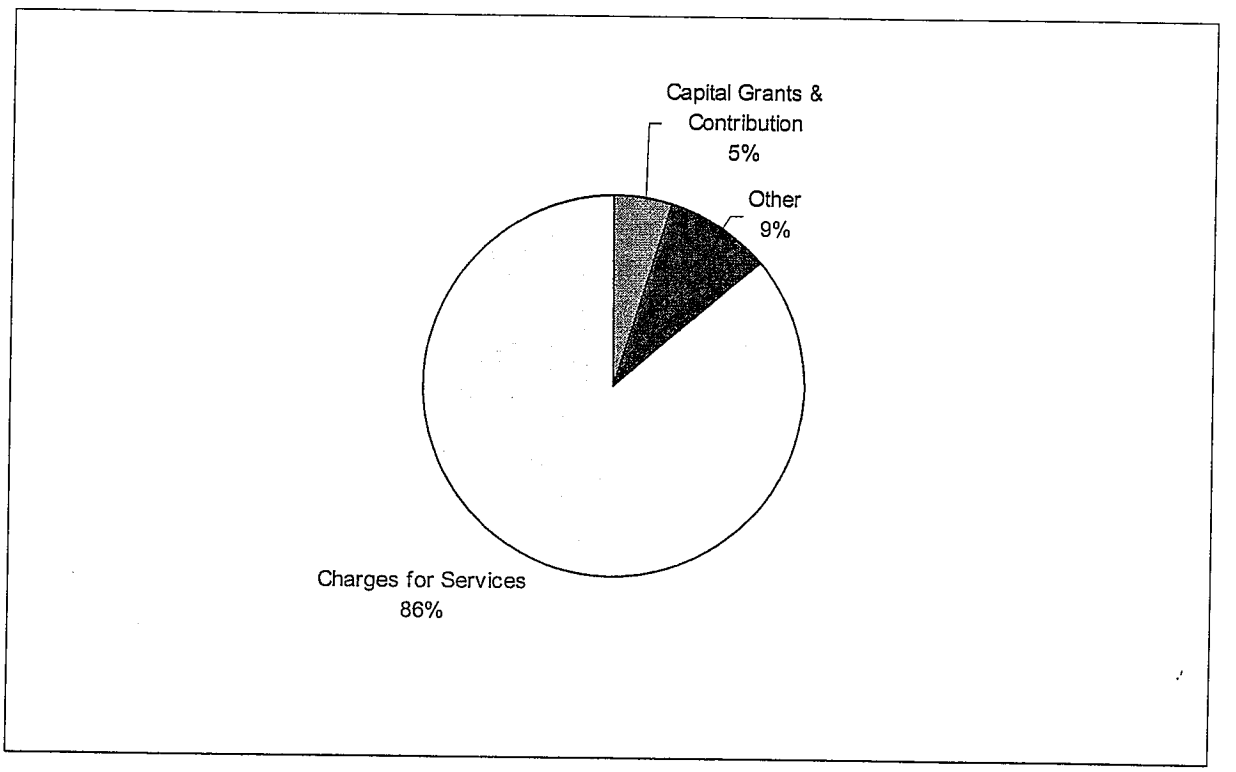


Business-type activities. Business-type activities decreased the City of Burlington's net assets by $877,220. The Sewer, RecPlex, Flint Hills Golf Course, and Parking Funds all had a decrease of net assets for the year. The Sewer Fund net assets decreased by $747,787 after depreciation of $1,301,258. The Solid Waste Fund realized an increase in net assets of $88,756 after depreciation of $70,886. The Parking Fund realized a decrease of $58,967 after depreciation of $63,852. Both the Rec Plex and Golf Course funds posted better performance during the year. While both funds experienced decreases in net assets, these decreases resulted from the impact of depreciation. The Rec Plex posted a decrease of $101,835 after recording depreciation of $107,500. The Golf Course recorded a decrease of $57,387 with depreciation of $60,017.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-Type Activities



Financial Analysis of the Government's Funds

As noted earlier the City of Burlington uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the City of Burlington's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assisting the City of Burlington'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.

As of the end of the current fiscal year the City of Burlington's governmental funds reported combined ending fund balances of $3,115,428 an increase of $2,089,569. The Capital Projects Fund increased by $1,826,260 reflecting the acquisition of land being held for redevelopment. The Local Option Sales Tax Fund increased by $108,927. As discussed later, the General Fund decreased by $43,749. Debt Service fund increased by $229,069.

The unreserved fund balance was $3,067,009, an increase of $2,171,366 from the prior fiscal year.

The General Fund is the chief operating fund of the City of Burlington. At the end of the current fiscal year, unreserved fund balance of the General Fund was $857,630 while total fund balance reached $888,975. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.04 percent of total General Fund expenditures, while total fund balance also represents 6.3 percent of that same amount.

The fund balance of the City of Burlington's General Fund decreased by $43,749 during the current fiscal year.

The Road Use Tax Fund has a balance of ($37,868), a decrease of ($13,809). The Local Option Sales Tax Fund balance of $628,954 represents funds allocated for projects, but not expended as of June 30, 2007 funds received in the prior year and carried forward for property tax relief in the ensuing fiscal year, and funds set aside for economic development purposes and not as of yet committed.

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

Total net assets for the City's Enterprise Funds as of June 30, 2007 was $24,273,823 a decrease of $877,220 after recording depreciation of $1,603,513.

The Sewer, RecPlex, Parking and Golf Course Funds all recorded operating losses for the year. Adjusting for depreciation eliminates these losses.

The Parking Fund recorded an operating loss of $100,675 after recording depreciation of $63,852.

The Sewer Fund recorded an operating loss of $59,368 as the result of depreciation of $1,301,258.

The Solid Waste Fund recorded an operating income of $43,396 after recording depreciation expense of $70,886.

The RecPlex Fund recorded an operating loss of $149,937, after recording depreciation of $107,500.

The Golf Course Fund recorded an operating loss of $72,145 after recording $60,017 of depreciation. Revenues remained fairly steady from the prior year while expenses decreased.

Budget Analysis

The final amended budget for all funds was $7,458,755 or 23.2% greater than the original budget. The final amended budget was $39,589,058. The major items in this amendment included $5,000,000 for Manor Revisited Urban Renewal project, $500,000 for receipt and disbursement of Vision Iowa funds, $350,000 for street expansion in the Flint Ridge Business Park, and $93,000 in increased Hotel/Motel Tax expenditures. The balance was for a variety of items.

Even with these amendments the City exceeded the budgeted amounts in the Public Safety and Culture and Recreation functions for the year ended June 30, 2007.

Capital Asset and Debt Administration

Capital assets. The City of Burlington's investment in capital assets for its governmental and business type activities as of June 30, 2007, amounts to $90,830,122 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 3 percent (a 7 percent increase for governmental activities and a 4 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The capitalization of new infrastructure added during the year amounted to $1,828,091 for governmental purposes reflecting the value of street construction projects completed during the year. The value of buildings for governmental purposes increased by $9,548,000 resulting from completion of the new library. Fixtures and equipment for governmental purposes increased by $944,323 and $70,195 for business type activities. Vehicles increased $49,392 for governmental purposes. Building improvements increased by $84,911 for business type activities.

- The value of work in progress amounted to $1,335,202. This largely reflects the value of renovations to Memorial Auditorium under construction as of June 30 and the sewer equalization tank project.

City of Burlington's Capital Assets (000's)
(net of depreciation)

	Governmental Activities		Business - Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Land	$ 2,049	$ 2,049	$ 399	$ 399	$ 2,448	$ 2,448
Buildings and System	$ 7,980	$ 17,170	$ 11,713	$ 11,103	$ 19,693	$ 28,273
Improvements Other Than Buildings	$ 2,607	$ 2,374	$ 1,621	$ 1,552	$ 4,228	$ 3,926
Fixtures and Equipment	$ 3,195	$ 3,607	$ 1,099	$ 983	$ 4,294	$ 4,590
Infrastructure	$ 29,942	$ 30,848	$ 19,929	$ 19,409	$ 49,871	$ 50,257
Construction in Progress	$ 7,833	$ 1,188	$ 64	$ 147	$ 7,897	$ 1,335
Total	**$ 53,606**	**$ 57,236**	**$ 34,825**	**$ 33,593**	**$ 88,431**	**$ 90,830**

Additional information on the City of Burlington's capital assets can be found in note IV on pages 56 - 58 of this report.

Long-term debt. At the end of the current fiscal year, the City of Burlington had total bonded debt outstanding of $39,971,055. Of this amount, $31,256,055 comprises debt backed by the full faith and credit of the government and $2,195,005 is revenue bonds repayable with revenues from the City's sewer utility and $6,520,000 of Urban Renewal Tax Increment Financing bonds. In addition the City owes Grow Greater Burlington $148,800 for funds advanced toward construction of the RecPlex in Flint Ridge Business Park.

CITY OF BURLINGTON'S OUTSTANDING DEBT
General Obligation and Revenue Bonds (000's)

	Governmental Activities		Business - Type Activities		Total	
	2006	2007	2006	2007	2006	2007
General Obligation Bonds	$ 27,136	$ 25,177	$ 6,150	$ 6,079	$ 33,286	$ 31,256
Sewer Revenue Bonds			$ 2,585	$ 2,195	$ 2,585	$ 2,195
Notes Payable	$ 227	$ 149	$ -	$ -	$ 227	$ 149
Urban Renewal Revenue Bonds		$ 6,520	$ -	$ -	$ -	$ 6,520
Total	**$ 27,363**	**$ 31,846**	**$ 8,735**	**$ 8,274**	**$ 36,098**	**$ 40,120**

The City of Burlington's total debt increased by $4,021,575 during the current fiscal year. The City of Burlington maintains an "A2" rating from Moody's for both general obligation and sewer revenue bonds.

State statues limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the City of Burlington is $48,994,093, which is well in excess of the City's outstanding general obligation debt.

Additional information on the City of Burlington's long-term debt can be found in note VII on pages 61 - 66 of this report.

Economic Factors and Next Year's Budgets and Rates

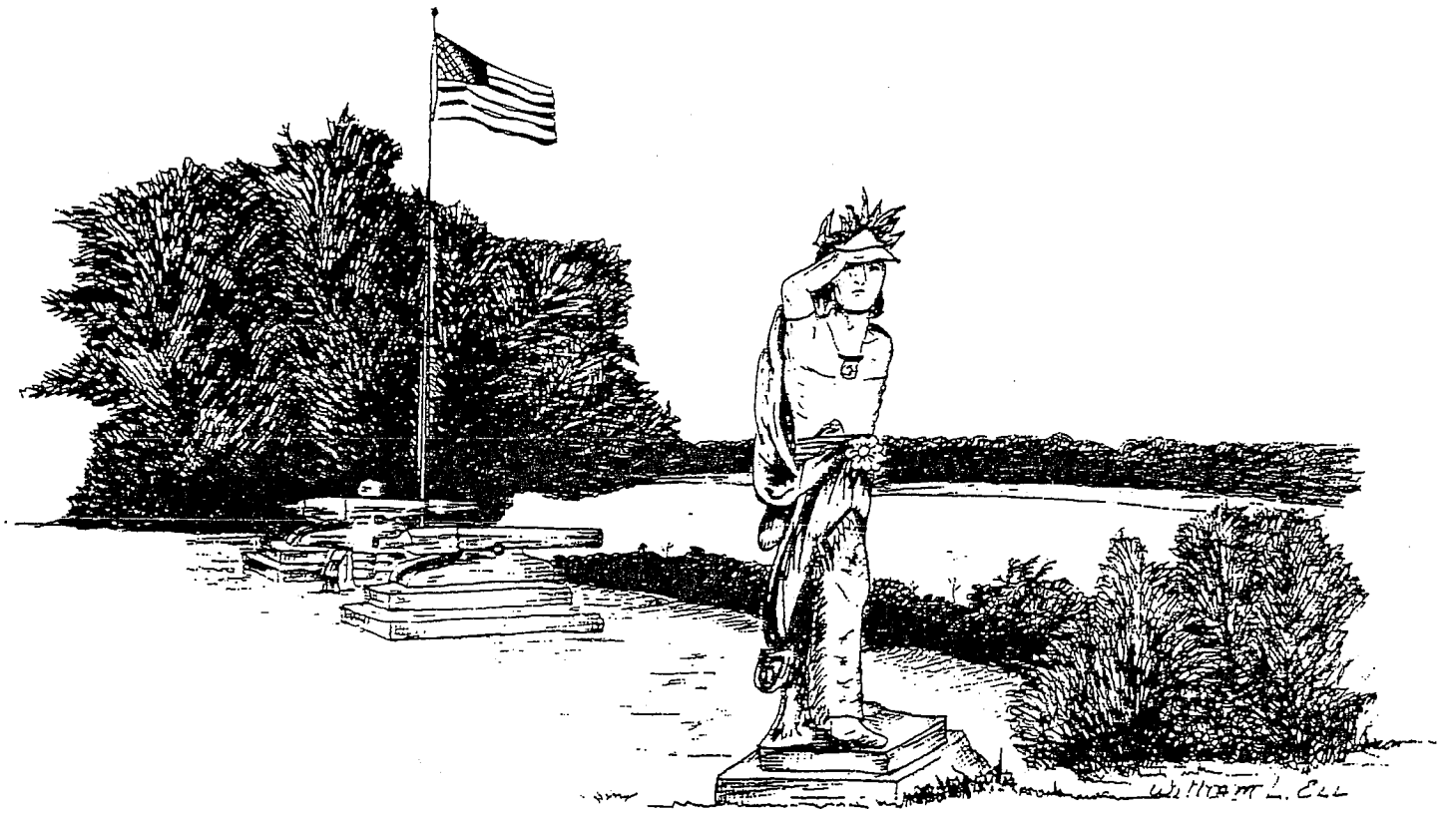
The unemployment rate for the City of Burlington, as of June 30, 2007 was 4.5% a decrease from June, 2006's figure of 4.8%. Total labor force was 12,540 with 11,970 employed compared to the prior year's figures of 12,790 and 12,180. The June 30 unemployment figure compares to a state-wide rate of only 3.8%.

For fiscal year 2007 total value of building permits issued was $26,498,176 a decrease of $1,704,986 or 6.0 percent from the prior fiscal year.

For the fiscal 2007-2008 budget, the City's property tax rate was increased by $.09 per $1,000 property valuations or .6% to a total of $14.98. This increase resulted from an increase in retirement costs and debt service.

Requests for Information

This financial report is designed to provide a general overview of the City of Burlington'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 Office of the Deputy City Manager, City of Burlington, 400 Washington, Burlington, IA 52601.



City of Burlington, Iowa

Statement of Net Assets
June 30, 2007

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Burlington Municipal Waterworks	Southeast Iowa Regional Airport Authority	Friends of the Burlington Public Library
Assets						
Current assets:						
Cash and cash equivalents	$ 5,003	$ 0	$ 5,003	$ 874,595	$ 20,253	$ 275,259
Investments, at Market	0	0	0	0	0	2,129,186
Receivables:						
Interest	0	0	0	57,346	0	11,191
Taxes	10,070,075	0	10,070,075	0	0	0
Accounts	939,969	145,449	1,085,418	384,728	72,920	0
Special assessments	149,895	0	149,895	0	0	0
Intergovernmental	804,393	0	804,393	0	0	0
Promises to Give	0	0	0	0	0	737,382
Land held for resale	2,160,000		2,160,000			
Internal balances	(72,345)	72,345				
Inventories	59,184	18,791	77,975	27,385	0	0
Prepaid contracts	115,052	60,098	175,150	89,429	0	0
Total current assets	14,231,226	296,683	14,527,909	1,433,483	93,173	3,153,018
Noncurrent assets:						
Restricted cash and cash equivalents	0	0	0	919,629	0	0
Restricted interest receivable	0	0	0	777	0	0
Deferred Debt Expense	0	0	0	0	6,530	0
Capital assets:						
Land and Work in Progress	3,237,303	545,216	3,782,519	151,981	1,684,326	0
Buildings, infrastructure, and equipment, net	53,999,827	33,047,776	87,047,603	9,082,779	13,367,384	0
Total noncurrent assets	57,237,130	33,592,992	90,830,122	10,155,166	15,058,240	0
Total assets	$ 71,468,356	$ 33,889,675	$105,358,031	$ 11,588,649	$ 15,151,413	$ 3,153,018
Liabilities						
Current liabilities:						
Accounts payable	$ 1,496,914	$ 321,756	$ 1,818,670	$ 265,770	$ 148,923	$ 0
Claims payable	121,221	0	121,221	0	0	0
Due To Cash Account	0	549,675	549,675	0	0	0
Accrued expense	0	0	0	0	9,495	954
Income Taxes Payable	0	0	0	0	0	0
Customers deposits	0	0	0	288,319	0	0
Lime removal liability	0	0	0	229,400	0	0
Unearned revenue	9,795,377	320,542	10,115,919	119,671	8,286	0
Bond interest payable	338,289	28,489	366,778	250	0	0
Current portion of long-term obligations	2,272,076	482,676	2,754,752	0	30,336	0
Total current liabilities	14,023,877	1,703,138	15,727,015	903,410	197,040	954
Noncurrent liabilities:						
Noncurrent portion of long-term obligations	30,428,548	7,912,714	38,341,262	2,597,000	390,214	0
Total liabilities	44,452,425	9,615,852	54,068,277	3,500,410	587,254	954
Net Assets						
Investment in capital assets, net of related debt	32,087,346	25,375,875	57,463,221	0	14,496,160	0
Restricted for:						
Public Safety	148,359	0	148,359	0	0	0
Culture and Recreation	272,878	0	272,878	0	0	1,748,174
Public Works	11,064	0	11,064	0	0	0
Other	0	0	0	706,662	0	0
Debt service	212,460	501,000	713,460	213,602	0	0
Unrestricted (deficit)	(5,716,176)	(1,603,052)	(7,319,228)	7,167,975	67,999	1,403,890
Total net assets	27,015,931	24,273,823	51,289,754	8,088,239	14,564,159	3,152,064
Total liabilities and net assets	$ 71,468,356	$ 33,889,675	$105,358,031	$ 11,588,649	$ 15,151,413	$ 3,153,018

The notes to the financial statements are an integral part of this statement.

City of Burlington, Iowa

Statement of Activities
For The Year Ended June 30, 2007

Programs/Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Burlington Municipal Waterworks	Component Units: Southeast Iowa Regional Airport Authority	Component Units: Friends of the Burlington Public Library
Primary government:										
Governmental activities:										
General government	$ 1,525,097	$ 171,294	$ 53,335	$ 0	$ (1,300,468)	$ 0	$ (1,300,468)	$ 0	$ 0	$ 0
Culture and Recreation	4,004,287	142,746	10,000	2,863,200	(988,341)	0	(988,341)	0	0	0
Public Safety	9,405,488	1,096,761	151,299	0	(8,157,428)	0	(8,157,428)	0	0	0
Community and Econ. Development	307,679	0	0	0	(307,679)	0	(307,679)	0	0	0
Health and Social Services	3,470	0	0	0	(3,470)	0	(3,470)	0	0	0
Capital Projects	3,674,836	0	0	1,676,726	(1,998,110)	0	(1,998,110)	0	0	0
Public works	6,214,676	1,883,189	2,618,242	0	(1,713,245)	0	(1,713,245)	0	0	0
Interest on long-term debt	1,457,941	0	0	0	(1,457,941)	0	(1,457,941)	0	0	0
Total governmental activities	26,593,474	3,293,990	2,832,876	4,539,926	(15,926,682)	0	(15,926,682)	0	0	0
Business-type activites:										
Sewer	4,194,161	3,790,159	0	82,167	0	(321,835)	(321,835)	0	0	0
Solid waste	1,111,637	1,146,690	0	153,416	0	188,469	188,469	0	0	0
Recplex	595,717	123,916	0	0	0	(471,801)	(471,801)	0	0	0
Parking	164,361	36,573	0	41,708	0	(86,080)	(86,080)	0	0	0
Flint Hills golf course	480,494	200,303	0	14,758	0	(265,433)	(265,433)	0	0	0
Total business-type activities	6,546,370	5,297,641	0	292,049	0	(956,680)	(956,680)	0	0	0
Total primary government	$ 33,139,844	$ 8,591,631	$ 2,832,876	$ 4,831,975	$ (15,926,682)	$ (956,680)	$ (16,883,362)	$ 0	$ 0	$ 0
Component units:										
Burlington Municipal Waterworks	$ 2,924,843	$ 2,942,924	$ 0	$ 76,071	$ 0	$ 0	$ 0	$ 94,152	$ 0	$ 0
Friends of the Byrlington Public Librar	832,175	0	$ 406,199	0	0	0	0		0	(425,976)
Southeast Iowa Regional Airport	1,141,996	58,782	300,977	314,682	0	0	0	$ 0	(467,555)	$ 0
Total component units	$ 4,899,014	$ 3,001,706	$ 707,176	$ 390,753	$ 0	$ 0	$ 0	$ 94,152	$ (467,555)	$ (425,976)
General revenues:										
Taxes:										
Property taxes					9,603,728	0	9,603,728	0	0	0
Other City Taxes:										
Local Option Sales					3,492,988	0	3,492,988	0	0	0
Hotel/Motel Taxes					496,684	0	496,684	0	0	0
Utility Replacement					324,323	0	324,323	0	0	0
Cable Franchise					246,048	0	246,048	0	0	0
Riverboat Gambling					271,535	0	271,535	0	0	0
Other					100,054	0	100,054	0	0	0
Grants and contributions not restricted to specific programs					116,944	0	116,944	0	0	0
Investment Income, Net					0	0	0	0	0	374,593

Interest	24,897	13,322	38,219	70,166	326	0
Other Revenues:						
Licenses and Permits	324,814	4,296	329,110	0	0	0
Refunds	230,559	945	231,504	0	0	0
Special Assessmnents	175,443	0	175,443	0	0	0
Fines	108,916	0	108,916	0	0	0
Miscellaneous	1,069,218	27,113	1,096,331	0	5,426	0
Merchandise Sales and Rentals	0	529,910	529,910	0	0	0
Transfers	496,126	(496,126)	0	0	0	0
Total general revenues and transfers	17,082,277	79,460	17,161,737	70,166	5,752	374,593
Changes in net assets	1,155,595	(877,220)	278,375	164,318	(461,803)	(51,383)
Net assets - beginning	25,860,336	25,151,043	51,011,379	7,923,921	15,025,962	3,203,447
Net assets - ending	$ 27,015,931	$ 24,273,823	$ 51,289,754	$ 8,088,239	$ 14,564,159	$ 3,152,064

The notes to the financial statements are an integral part of this statement.

City of Burlington, Iowa

Balance Sheet
Governmental Funds
June 30, 2007

	General	Debt Service	Road Use Tax	Local Option Sales Tax	Tax Increment Financing	Capital Projects	Employee Benefits	Other Governmental Funds	Total Governmental Funds
Assets									
Cash and cash equivalents	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5,003	5,003
Receivables:									
Taxes	5,444,257	1,718,407	0	0	1,398,541	0	1,321,361	187,509	10,070,075
Accounts	594,681	56,795	0	0	3,687	81,372	0	138,292	874,827
Special assessments	88,443	0	0	0	0	0	0	61,452	149,895
Intergovernmental	61,479	0	183,768	520,676	0	38,470	0	0	804,393
Land held for resale						2,160,000			2,160,000
Due from other funds	661,025	0	0	115,982	0	0	0	524,566	1,301,573
Prepaid contracts	86,188	0	18,279	0	0	0	0	883	105,350
Total assets	$ 6,936,073	$ 1,775,202	$ 202,047	$ 636,658	$ 1,402,228	$ 2,279,842	$ 1,321,361	$ 917,705	$ 15,471,116
Liabilities and fund balances (deficits)									
Liabilities									
Accounts payable	$ 601,684	$ 0	$ 106,059	$ 7,704	$ 65,000	$ 403,764	$ 0	$ 220,823	$ 1,405,034
Due to other funds	0	39,337	133,856	0	92,639	406,985	35,660	172,856	881,333
Deferred revenue	5,445,414	1,675,954	0	0	1,387,136	26,772	1,285,652	248,393	10,069,321
Total liabilities	6,047,098	1,715,291	239,915	7,704	1,544,775	837,521	1,321,312	642,072	12,355,688
Fund balances (deficits)									
Reserved for encumbrances	31,345	0	0	16,721	0	38		315	48,419
Unreserved, reported in:									
General fund	857,630	0	0	0	0	0		0	857,630
Special revenue funds	0	0	(37,868)	612,233	(142,547)	0	49	275,318	707,185
Debt Service Fund	0	59,911	0	0	0	0		0	59,911
Capital projects fund	0	0	0	0	0	1,442,283		0	1,442,283
Total fund balances (deficits)	888,975	59,911	(37,868)	628,954	(142,547)	1,442,321	49	275,633	3,115,428
Total liabilities and fund balances (deficits)	$ 6,936,073	$ 1,775,202	$ 202,047	$ 636,658	$ 1,402,228	$ 2,279,842	$ 1,321,361	$ 917,705	$ 15,471,116

The notes to the financial statements are an integral part of this statement.

City of Burlington, Iowa

Reconciliation of the Balance Sheet to the
Statement of Net Assets
June 30, 2007

Fund balances--total governmental funds		$ 3,115,428
Amounts reported for 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.		
Governmental capital assets:		
Land	$ 2,048,774	
Buildings, improvements, and equipment, net of depreciation	55,188,356	
Less: Internal service fund capital assets, net of depreciation	(804,537)	56,432,593
The assets and liabilities of internal service funds are included in the governmental activites in the statement of net assets. Internal service fund net assets:		
Property maintenance fund	$ (218,942)	
Vehicle maintenance fund	(6,315)	
Safety coordination fund	2,461	
Self insurance fund	(176,879)	
Miscellaneous service fund	(23,330)	(423,005)
Deferred revenue is reported in governmental funds for revenues that have been earned but are not yet available to liquidate current liabilities. All earned revenues are reported as income at government-wide level. The following deferred revenues for unavailable items were reported in the governmental funds:		
Various funds - property tax receivable	$ 19,529	
General fund - accounts receivable	66,937	
General fund - special assessments receivable	88,442	
Tax increment financing fund - accounts receivable	3,687	
Other governmental funds - accounts receivable	34,725	
Other governmental funds - special assessments receivable	60,624	273,944
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	$ 25,177,377	
Less: Deffered amount on Refunding	$ (142,684)	
Less: Amount applicable to internal service funds	(630,169)	
Notes payable	148,800	
Tax Increment revenue Bonds	6,520,000	
Compensated absences	1,030,840	
Less: Amount applicable to internal service funds	(56,963)	
Bond interest payable	338,289	
Less: Amount applicable to internal service funds	(2,461)	(32,383,029)
Net assets of governmental activities		$ 27,015,931

The notes to the financial statements are an integral part of this statement.

City of Burlington, Iowa

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
Governmental Funds
For the Year Ended June 30, 2007

	General Fund	Debt Service	Road Use Tax	Local Option Sales Tax	Tax Increment Financing	Capital Projects	Employee Benefits	Other Governmental Funds	Total Governmental Funds
Revenues:									
Property taxes	$ 5,247,366	$ 1,586,435	$ 0	$ 0	$ 1,288,436	$ 0	$ 1,288,032	$ 174,830	$ 9,585,099
Other taxes and assessments	1,050,918	59,541	0	3,492,988	0	0	51,372	30,765	4,685,584
Licenses and permits	310,543	0	0	0	0	0	0	0	310,543
Fines and forfeitures	108,916	0	0	0	0	0	0	0	108,916
Intergovernmental	874,945	0	2,260,701	0	0	1,669,401	0	0	4,805,047
Charges for services	1,504,465	0	0	0	0	0		13,157	1,517,622
Use of money and property	277,500	848	0	6,986	2,463	35,015	3,027	4,123	329,962
Other	302,567	68,590	0	0	168	387,400	0	368,475	1,127,200
Total revenues	9,677,220	1,715,414	2,260,701	3,499,974	1,291,067	2,091,816	1,342,431	591,350	22,469,973
Expenditures:									
Current operating:									
Public Safety	8,500,689	0	0	0	0	0	0	14,433	8,515,122
Culture and Recreation	2,840,364	0	0	0	0	0	0	603,264	3,443,628
Public Works	1,535,517	0	1,888,974	0	0	0	0	202,443	3,626,934
Community and Economic Development	204,501	0		0	99,181	0	0	0	303,682
Health and Social Services	3,470	0	0	0	0	0	0	0	3,470
General Government	1,126,351	0	0	116,116	0	0	0	0	1,242,467
Debt service:									
Principal	0	2,274,881	0	0	82,721	0	0	0	2,357,602
Interest and other charges	0	1,169,507	0	0	13,779	0	0	0	1,183,286
Capital outlay	0	0	0	0	0	6,641,559	0	0	6,641,559
Total expenditures	14,210,892	3,444,388	1,888,974	116,116	195,681	6,641,559	0	820,140	27,317,750
Excess (deficiency) of revenues over (under) expenditures	(4,533,672)	(1,728,974)	371,727	3,383,858	1,095,386	(4,549,743)	1,342,431	(228,790)	(4,847,777)
Other financing sources (uses):									
Refunding bonds issued	0	2,744,468	0	0	0	0	0	0	2,744,468
Payment to refunding bond escrow agent	0	(2,744,468)	0	0	0	0	0	0	(2,744,468)
Issuance of general obligation bonds	0	0	0	0	0	6,520,000	0	0	6,520,000
Discount on Sale of Bonds	0	0	0	0	0	(65,200)	0	0	(65,200)
Transfers in	5,006,126	1,958,043	0	0	0	734,580	0	454,163	8,152,912
Transfers out	(516,203)	0	(385,536)	(3,274,931)	(1,073,949)	(813,377)	$ (1,342,425)	(263,945)	(7,670,366)
Total other financing sources and uses	4,489,923	1,958,043	(385,536)	(3,274,931)	(1,073,949)	6,376,003	(1,342,425)	190,218	6,937,346
Net change in fund balance	(43,749)	229,069	(13,809)	108,927	21,437	1,826,260	6	(38,572)	2,089,569
Fund balances (deficits), beginning	932,724	(169,158)	(24,059)	520,027	(163,984)	(383,939)	43	314,205	1,025,859
Fund balances (deficits), ending	$ 888,975	$ 59,911	$ (37,868)	$ 628,954	$ (142,547)	$ 1,442,321	$ 49	$ 275,633	$ 3,115,428

The notes to the financial statements are an integral part of this statement.

City of Burlington, Iowa

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2007

Net change in fund balances--total governmental funds		$ 2,089,569
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.		3,666,352
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		29,919
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		(4,574,639)
Deferred Amount on Refunding not included in Governmental Funds		142,684
Some expenses 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. The following expenses did not require current financial resources:		
Compensated absences	(66,770)	
Adjustment to bond interest payable	(237,864)	(304,634)
Internal service funds are used by management to charge costs of certain activities, such as vehicle and property maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.		106,345
Changes in net assets of governmental activities		$ 1,155,596

The notes to the financial statements are an integral part of this statement.

City of Burlington, Iowa

Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
Assets	Sewer	Solid Waste	Recplex	Parking	Flint Hills Golf Course	Totals	
Current assets:							
Cash and cash equivalents	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Receivables:							
Accounts	109,884	16,072	11,995	2,770	4,728	145,449	65,142
Due from other funds	1,126,016	0	0	0	0	1,126,016	0
Inventories	0	0	0	0	18,791	18,791	59,184
Prepaid contracts	31,605	14,966	6,886	1,972	4,669	60,098	9,702
Total current assets	1,267,505	31,038	18,881	4,742	28,188	1,350,354	134,028
Noncurrent assets:							
Restricted cash and cash equivalents	0	0	0	0	0	0	0
Capital assets:							
Land and Work in Progress	146,674	0	262,980	129,162	6,400	545,216	0
Buildings, infrastructure, and equipment, net	28,772,546	419,190	2,892,525	751,178	212,337	33,047,776	804,537
Total noncurrent assets	28,919,220	419,190	3,155,505	880,340	218,737	33,592,992	804,537
Total assets	$ 30,186,725	$ 450,228	$ 3,174,386	$ 885,082	$ 246,925	$ 34,943,346	$ 938,565
Liabilities							
Current liabilities:							
Accounts payable	$ 141,090	$ 79,270	$ 44,391	$ 5,767	$ 51,238	$ 321,756	$ 91,880
Claims payable	0	0	0	0	0	0	121,221
Due to other funds	0	231,379	641,029	181,263	0	1,053,671	492,585
Due to Cash Account	0	0	0	0	549,675	549,675	0
Unearned revenue	240,867	79,135	0	540	0	320,542	0
Bond interest payable	27,822	667	0	0	0	28,489	2,461
Current portion of long-term obligations	457,074	19,681	3,510	542	1,869	482,676	33,775
Total current liabilities	866,853	410,132	688,930	188,112	602,782	2,756,809	741,922
Noncurrent liabilities:							
Noncurrent portion of long-term obligations	7,739,167	155,788	10,528	1,625	5,606	7,912,714	619,648

Total liabilities	8,606,020	565,920	699,458	189,737	608,388	10,669,523	1,361,570
Net Assets							
Invested in capital assets, net of related debt	20,859,693	261,600	3,155,505	880,340	218,737	25,375,875	174,770
Restricted for:							
Debt service	501,000	0	0	0	0	501,000	0
Unrestricted (deficit)	220,012	(377,292)	(680,577)	(184,995)	(580,200)	(1,603,052)	(597,775)
Total net assets	21,580,705	(115,692)	2,474,928	695,345	(361,463)	24,273,823	(423,005)
Total liabilities and net assets	$ 30,186,725	$ 450,228	$ 3,174,386	$ 885,082	$ 246,925	$ 34,943,346	$ 938,565

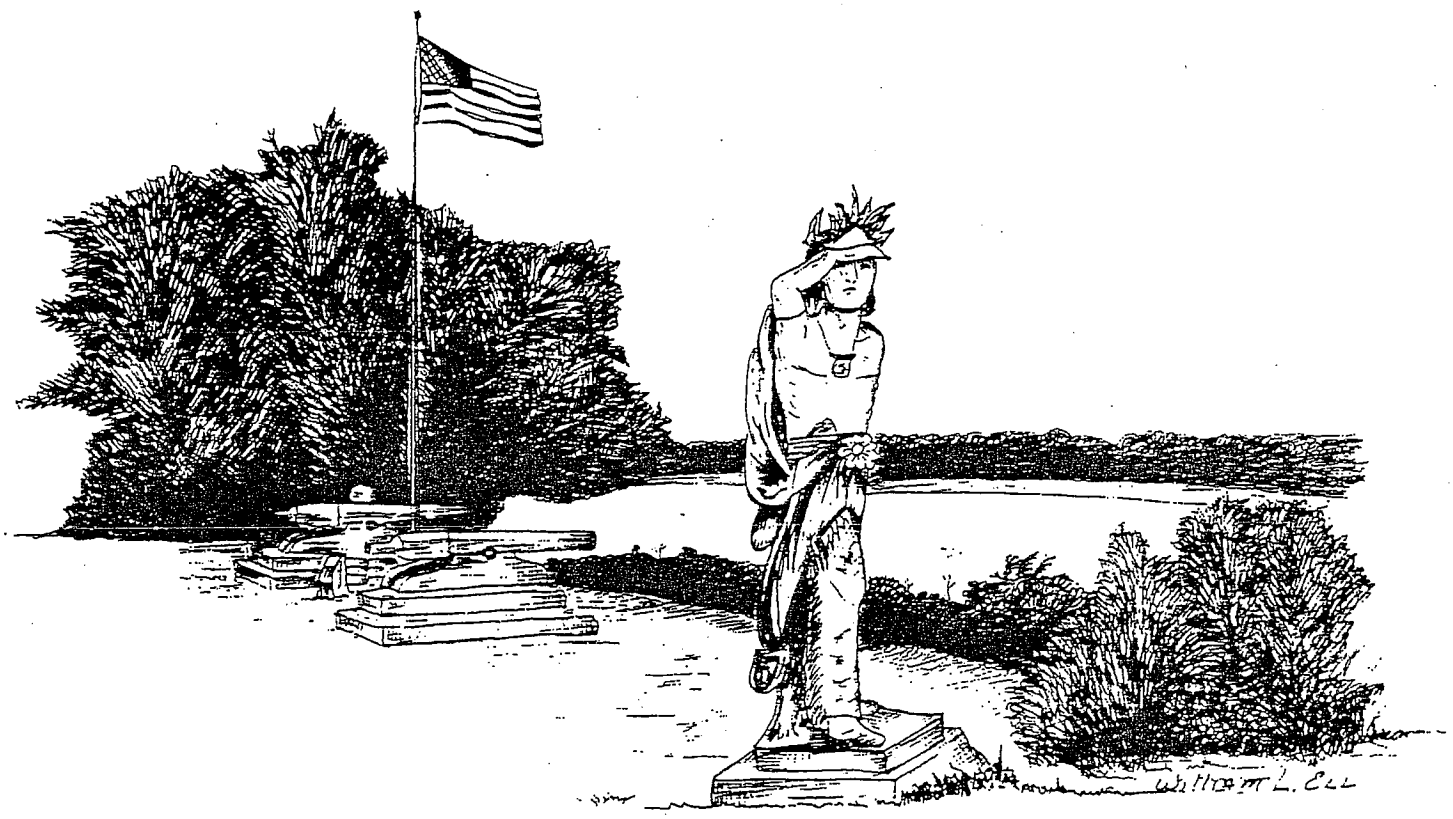
The notes to the financial statements are an integral part of this statement.

City of Burlington, Iowa

Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	Business Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Recplex	Parking	Flint Hills Golf Course	Totals	
Operating revenues:							
Charges for services	$ 0	$ 1,146,690	$ 123,916	$ 36,573	$ 182,580	$ 1,489,759	$ 1,369,710
Sewer Charges Pledged as Security for Revenue Bonds	3,790,159	0	0	0	0	3,790,159	0
Irrigation Surcharge	0	0	0	0	17,723	17,723	0
Other	4,296	945	321,864	27,113	208,046	562,264	87,054
Total operating revenues	3,794,455	1,147,635	445,780	63,686	408,349	5,859,905	1,456,764
Operating expenses:							
Personal services	1,400,219	390,228	227,208	55,879	211,179	2,284,713	671,792
Contractual services	752,263	604,353	105,906	41,404	81,596	1,585,522	259,446
Operating supplies	400,083	38,772	155,103	3,226	127,702	724,886	481,387
Depreciation	1,301,258	70,886	107,500	63,852	60,017	1,603,513	37,106
Total operating expenses	3,853,823	1,104,239	595,717	164,361	480,494	6,198,634	1,449,731
Operating income (loss)	(59,368)	43,396	(149,937)	(100,675)	(72,145)	(338,729)	7,033
Nonoperating revenues (expenses):							
Interest revenue	13,322	0	0	0	0	13,322	0
Interest expense	(340,338)	(7,398)	0	0	0	(347,736)	(23,196)
Total nonoperating revenues (expenses)	(327,016)	(7,398)	0	0	0	(334,414)	(23,196)
Net income (loss) before contributions and transfers	(386,384)	35,998	(149,937)	(100,675)	(72,145)	(673,143)	(16,163)
Capital contributions	82,167	153,416	0	41,708	14,758	292,049	108,928
Transfers in	552	0	48,102	0	0	48,654	35,000
Transfers out	(444,122)	(100,658)	0	0	0	(544,780)	(21,420)
Change in net assets	(747,787)	88,756	(101,835)	(58,967)	(57,387)	(877,220)	106,345
Total net assets - beginning	22,328,492	(204,448)	2,576,763	754,312	(304,076)	25,151,043	(529,350)
Total net assets - ending	$ 21,580,705	$ (115,692)	$ 2,474,928	$ 695,345	$ (361,463)	$ 24,273,823	$ (423,005)

The notes to the financial statements are an integral part of this statement.


William L. Ell

City of Burlington, Iowa

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	Business Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Recplex	Parking	Flint Hills Golf Course	Totals	
Cash flows from operating activities:							
Receipts from customers	$ 3,780,468	$ 1,146,690	$ 463,780	$ 63,686	$ 408,349	$ 5,862,973	254,681
Payments to suppliers	(1,164,123)	(643,125)	(261,290)	(42,923)	(185,842)	(2,297,303)	(638,969)
Payments to employees	(1,399,774)	(390,391)	(227,785)	(55,879)	(211,295)	(2,285,124)	(622,534)
Internal activity-payments to (from) other funds	0	0	0	0	0	0	1,125,221
Claims paid to outsiders	0	0	0	0	0	0	(185,544)
Other receipts (payments)	4,296	945	0	0	0	5,241	76,862
Net cash provided (used) by operating activities	$ 1,220,867	$ 114,119	$ (25,295)	$ (35,116)	$ 11,212	$ 1,285,787	$ 9,717
Cash flows from noncapital financing activities:							
Operating subsidies and transfers to other funds	$ (444,122)	$ (100,658)	$ 0	$ 0	$ 0	$ (544,780)	(21,419)
Operating subsidies and transfers from other funds	552	0	48,102	0	0	48,654	35,000
Proceeds (payments) from/to interfund accounts	(112,734)	119,903	1,847	35,116	(11,212)	32,920	24,501
Net cash provided (used) by noncapital financing activities	$ (556,304)	$ 19,245	$ 49,949	$ 35,116	$ (11,212)	$ (463,206)	$ 38,082
Cash flows from capital and related financing activities:							
Proceeds from capital debt	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Purchase of capital assets	(40,317)	(112,072)	(24,654)	0	0	(177,043)	0
Principal paid on capital debt	(424,676)	(14,257)	0	0	0	(438,933)	(23,866)
Interest paid on capital debt	(339,269)	(7,035)	0	0	0	(346,304)	(23,933)
Proceeds from sale of refunding bonds	941,857	146,073	0	0	0	0	0
Payment to refunding bond escrow agent	(941,857)	(146,073)	0	0	0	0	0
Net cash provided (used) by capital and related financing activities	$ (804,262)	$ (133,364)	$ (24,654)	$ 0	$ 0	$ (962,280)	$ (47,799)
Cash flows from investing activities:							
Interest received	$ 13,322	$ 0	$ 0	$ 0	$ 0	$ 13,322	$ 0
Net increase (decrease) in cash and cash equivalents	$ (126,377)	$ 0	$ 0	$ 0	$ 0	$ (126,377)	$ 0
Balances - beginning of year	126,377	0	0	0	0	126,377	0
Balances - end of year	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	$ (59,368)	$ 43,396	$ (149,937)	$ (100,675)	$ (72,145)	$ (338,729)	$ 7,033
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities:							
Depreciation	1,301,258	70,886	107,500	63,852	60,017	1,603,513	37,106
Changes in assets and liabilities:							
Receivables, net	(34,606)	(4,150)	14,720	1,290	(3,311)	(26,057)	(5,723)
Inventories	0	0	0	0	2,741	2,741	(11,141)
Prepaid contracts	(640)	(808)	146	49	454	(799)	96
Accounts and other payables	(10,692)	1,954	2,276	368	23,456	17,362	(17,654)
Deferred revenue	24,915	2,841	0	0	0	27,756	0
Net cash provided (used) by operating activities	$ 1,220,867	$ 114,119	$ (25,295)	$ (35,116)	$ 11,212	$ 1,285,787	$ 9,717

The notes to the financial statements are an integral part of this statement.

I. Summary of significant accounting policies

A. Financial Reporting Entity

The City operates under the Council/Manager form of government. A wide variety of services are provided by the City of Burlington including garbage and sewer collection, wastewater treatment, police and fire protection, library facilities, street maintenance, public transportation, parks and recreation facilities, planning and zoning, and general administration.

As required by accounting principles generally accepted in the United States of America, these financial statements are to include the primary government and its component units--organizations for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City of Burlington, Iowa is a municipal corporation governed by a Board of Trustees, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes, and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease, or mortgage property in its own name. Based on these criteria, the City is considered a primary government.

Discretely Presented Component Units

The Burlington Municipal Waterworks supplies water to the homes, businesses, and industries throughout the City of Burlington, the City of West Burlington, and to limited areas in Des Moines County.

The Burlington Municipal Waterworks and the City of Burlington are considered separate legal entities. The Burlington Municipal Waterworks meets the component unit definition as a voting majority of the Waterworks' Board of Trustees is appointed by the City, and the Waterworks is fiscally dependent upon the City. The Waterworks is a business-type activity.

Complete financial statements for the component unit may be obtained at the Burlington Municipal Waterworks, 500 North 3rd Street, Burlington, Iowa, 52601.

The Southeast Iowa Regional Airport Authority (SIRAA) operates the airport within the City of Burlington's city limits. The City of West Burlington and the City of Burlington formed the SIRAA on July 1, 1996. Commercial air service from two commercial airlines as well as other air transportation and recreation services from an aviation service provider are offered to the regions of southeast Iowa and western Illinois.

The SIRAA and the City of Burlington are considered separate legal entities. The SIRAA meets the discretely presented component unit definition as a voting majority of the SIRAA's Board of Trustees is appointed by the City, and the SIRAA is fiscally dependent upon the City. The SIRAA is a business-type activity.

Complete financial statements for the component unit may be obtained at the Southeast Iowa Regional Airport Authority, 2515 Summer Street, Burlington, Iowa, 52601.

The Friends of the Burlington Public Library Foundation, a separate legal entity, exists for the purpose of attracting funds to benefit the Public Library which serves the Burlington area and to disburse those funds in a manner which will benefit the Library. The Friends meets the definition of a component unit since it raises funds on behalf of the Library. The foundation is reported as a business type activity.

Complete financial statements for the component unit may be obtained from the Board of Directors of the Friends of the Burlington Public Library Foundation, 210 Court Street, Burlington, Iowa, 52601.

There are no other organizations or agencies whose financial statements should be combined and presented with the City's financial statements.

B. Measurement focus and basis of accounting

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City has the following fund types:

Governmental funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means that the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year-end.

Property taxes, service charges, special assessments, and fines and forfeitures are susceptible to accrual. Sales taxes are considered susceptible to accrual at the time the underlying transaction occurs. Road use, and other taxes collected

and being held by the state or other levying authority at year-end on behalf of the City are recognized as revenue. Licenses and permits and other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

Intergovernmental revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, if the susceptible to accrual criteria are met.

Expenditures are recorded when the related fund liability is incurred, except for certain long-term obligations including debt service principal and interest, compensated absences, and claims and judgments. Expenditures related to such liabilities are only recognized under modified accrual accounting when they mature (when due).

Governmental funds include the following fund types:

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

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including revenues restricted for general fund activities, debt service expenditures, or capital projects) and are not fiduciary.

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *Capital Projects Fund* accounts for acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds.

Proprietary funds are accounted for using the flow of economic resources measurement focus and the full accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time the liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

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 from the City's proprietary funds are charges to customers for sales, rentals and services. Operating expenses for the proprietary funds include cost of personal services, contractual services, operating supplies, self insurance claims, and

depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary funds include the following fund types:

The *enterprise funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Fiduciary funds account for assets held by the City in a trustee or agency capacity for the benefit of others. Fiduciary funds account for assets held by the City under the terms of a formal trust agreement and which cannot be used to support City activities. Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. The City has no fiduciary funds.

C. Financial statement presentation

The basic financial statements include the government-wide financial statements (based on the City as a whole) and the fund financial statements. The government-wide statements present consolidated information from both the governmental and business-type activities using the economic resource measurement focus and the accrual basis of accounting. The government-wide statements are the Statement of Net Assets and the Statement of Activities.

The Statement of Activities presents, for each City activity, the extent to which direct expenses are being supported by program revenues or by general revenues. Direct expenses are those that are clearly identifiable with the specific activity (including depreciation). Program revenues are charges for services, grants, contributions, or other revenues that are either restricted for use or are directly associated with the particular activity. General revenues include interest, taxes, and other revenues used to support City operations that are not directly associated with a particular activity.

The City does not employ an indirect cost allocation system. Administrative transfers are made to the General Fund by other operating funds to cover General Fund services such as finance, legal, management, and information services. These transfers are eliminated for government-wide reporting by reducing revenues and expenses in the General fund.

Governmental activities in the government-wide statements include the operations from the governmental funds: the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund adjusted from the

modified accrual to the full accrual basis of accounting. Governmental activities also include the activities from the internal service funds. Business-type activities in the government-wide statements are comprised of the Enterprise Funds. Fiduciary funds are not reported in the government-wide statements, because these funds cannot be used to support City activities. As a general rule, interfund activity has been eliminated from the government-wide statements.

The government-wide statements apply all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

The fund financial statements present the City's activities at the fund level rather than on a city-wide basis. The fund financial statements report the governmental funds using the modified accrual basis of accounting and the proprietary funds using the full accrual basis of accounting. Fund financial statements would also include statements for the fiduciary funds. The fund financial statements for both the governmental and the proprietary funds report the major funds individually and the non-major funds combined.

GASB statement number 34 sets forth the minimum criteria for the determination of major funds. If a fund's assets, liabilities, revenues, or expenditures/expenses are at least ten percent of those of its fund type and at least five percent of those of both governmental and proprietary fund types, then it must be a major fund. The City also elects to report certain funds as major funds that did not meet the percentage test, but are of a special interest to the City Council and the community.

The City has the following major governmental funds:

The General Fund, the Debt Service Fund, the Capital Projects Fund, and the following Special Revenue Funds:

The *Road Use Tax Fund* accounts for state road use taxes allocated to the City to be used to maintain and improve the City's street system.

The *Local Option Sales Tax Fund* accounts for revenue received from a one percent sales tax levied by the City to be used for community protection, property tax relief, and capital improvements.

The *Tax Increment Financing Fund* accounts for taxes collected on the incremental increase in the value of property located within the tax increment financing districts and to be used for activities within those districts.

The *Employee Benefits Fund* accounts for taxes levied to pay the cost of benefits such as health care, retirement plans, worker's compensation, FICA, medicare, etc. for employees paid through the City's General Fund.

The City has the following major proprietary funds:

The *Sewer Fund* accounts for the operations of a municipally owned wastewater treatment plant and its related sewer infrastructure.

The *Solid Waste Fund* accounts for the activities associated with the collection and disposal of solid waste.

The *Recplex Fund* accounts for the operations of the municipally owned family recreation complex.

The *Parking Fund* accounts for the activities associated with the City's parking system.

The *Flint Hills Golf Course Fund* accounts for the operation of the municipally owned golf course.

The non-major funds are shown combined in the fund financial statements but are presented individually in the combining statements following the notes to the financial statements.

The internal service funds are shown combined at the far right of the proprietary fund financial statements. The individual internal service funds are presented in the combining statements. The City has the following internal service funds:

The *Property Maintenance Fund* accounts for the activities associated with maintaining and servicing the City's buildings and grounds beyond traditional janitorial service on a cost reimbursement basis.

The *Vehicle Maintenance Fund* accounts for the operations of a central vehicle maintenance garage and fuel distribution system. All costs incurred for vehicle maintenance, operations, and fuel are charged to departments and other governments on a cost reimbursement basis.

The *Safety Coordination Fund* accounts for the operations of the safety coordinator. All costs incurred for such activities are charged to funds and other governments on a cost reimbursement basis.

The *Self Insurance Fund* accounts for insurance claims against the City and the administration of the self insurance plan. All paid claims and administration costs are charged to departments as premiums based on departmental claims experience. Premiums are designed on a cost reimbursement basis.

The *Miscellaneous Service Fund* accounts for miscellaneous activities and purchases incurred on the behalf of all City departments. All costs incurred are expected to be reimbursed by departments on a cost reimbursement basis.

The modified accrual basis of accounting as employed by the governmental funds and the full accrual basis of accounting as employed by the proprietary and fiduciary funds have numerous timing and treatment differences. Differences that include the recording of long-term liabilities, the recording of capital asset purchases and disposals, and the timing of recognized revenues. Reconciliation's are provided for governmental funds to reconcile fund balance to net assets and to reconcile the changes in fund balance to the changes in net assets. These reconciliation's are a part of the fund financial statements.

D. Assets, liabilities, and fund equity

Cash, Cash Equivalents and Investments

The City maintains a cash pool in order to maximize interest returns. Income from the cash pool is allocated to individual funds based on the fund's average monthly cash balance and legal requirements. Accounting records are maintained to show the portion of the pooled account attributable to each participating fund. Fund cash deficits are treated as interfund loans.

The City, the SIRAA, the Waterworks and Library Foundation consider all highly liquid investments with maturities of three months or less to be considered cash equivalents.

Investments are stated at their fair value or amortized cost. The Waterworks and the City invested in only certificates of deposit at June 30, 2007. GASB Statement 31 does not require fair value reporting for these types of investments. The SIRAA has investments at June 30, 2007 for a deferred compensation plan which are invested in an annuity account and are recorded at their fair value. The Library Foundation has investments in U.S. Government obligations, corporate debt securities and equity securities which are stated at fair market value.

Interfund Balances

Transactions between funds that are representative of long-term lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" to indicate the non-current nature of the interfund loans. All other outstanding balances between funds are expected to be repaid within one year and reported as "due to/from other funds."

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

Interfund balances are eliminated at the government-wide level. Those that are between governmental and business-type activities are shown as internal balances and eliminated from the totals column. Those that are between funds that are within the same activity are eliminated altogether.

Property Taxes

Property taxes are recognized in the year in which the levy is due and collectable. No property tax levy date is established by the State of Iowa, however, the current tax levy, which is due and collectable during the year ending June 30, 2007 was certified on March 15, 2006 by the local taxing authority, Des Moines County, based on January 1, 2005 valuations establishing a lien date of March 15, 2006. Property taxes are due in two installments with the first half becoming delinquent after September 30 and the second half after March 31 of the following year. Property taxes are accrued at year-end if they are measurable and are available to pay current liabilities.

Property taxes certified on March 15, 2007 for the fiscal year beginning on July 1, 2007 are accrued as of June 30, 2007 because a lien attaches at the date of certification. This portion of the receivable is offset by deferred revenue, because these taxes are not permitted for use until July 1, 2007.

Inventories and Prepaid Contracts

Inventories are carried at cost using the first-in/first-out (FIFO) method. The Waterworks' inventory is valued at the lower of cost or market using the FIFO method.

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 sewer fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet. These assets are restricted due to revenue bond covenants requiring that monies be set aside and used solely for the protection and repayment of the revenue bond holders.

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.

Capital Assets

Capital assets used in governmental and business-type activities of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation.

The City capitalizes new public domain (infrastructure) capital assets (e.g., roads, bridges, sidewalks, street lights, etc.) used in governmental activities beginning with the year ending June 30, 2001. All such assets acquired between June, 1981 and July, 2000 were capitalized, net of depreciation, in fiscal year 2006. This was accomplished by adjusting the beginning balances of capital assets $18,974,189 and accumulated depreciation by $4,771,960, for a net increase of $14,202,229. All infrastructure assets for business-type activities that meet the capitalization threshold are reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as construction-in-progress as the projects are constructed.

All assets capitalized by the City must have a useful life of two years or more and have a cost that exceeds the following minimum thresholds:

Assets	Threshold
Infrastructure	$ 50,000
Land Improvements	50,000
Buildings	20,000
Building Improvements	20,000
Vehicles	5,000
Machinery and Equipment	2,500

Property, plant and equipment are depreciated using the straight line method of depreciation with half-year convention over the following estimated useful lives:

Assets	Years
Infrastructure	50
Land Improvements	12-20
Buildings	40
Building Improvements	20
Vehicles	4-12
Machinery and Equipment	5-10

Capital assets are reported at the fund level for proprietary funds, but not for governmental funds.

The SIRAA records property and equipment at cost and depreciation is computed using the straight-line method at rates based on the following useful lives:

Assets	Years
Infrastructure	5-39
Buildings and Improvements	5-39
Furniture and Equipment	5-7

The Waterworks computes depreciation using the 150% declining balance method using the following useful lives:

Assets	Years
Distribution System	10-50
Land Improvements	15-30
Buildings	10-33
Filter Equipment	15-40
Purification Equipment	10-20
Power/Pumping Equipment	10-40
Vehicles	6-7
Furniture and Fixtures	3-10

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees upon termination or retirement while sick pay is payable only upon retirement. Additionally, since Firefighters are regularly scheduled to work in excess of 136 hours per regular work period as established under the Fair Labor Standards Act (FLSA) they shall accrue twelve (12) hours compensatory time per regular pay period. This accrual is in lieu of being paid overtime and is scheduled time off on the same basis as overtime. A liability has been recorded for all earned but unused vacation benefits, Firefighter compensatory time benefits and for those earned but unused sick leave benefits that are considered eligible in the governmental and business-type activities at the government-wide level.

Accrued vacation and sick leave benefits are reported as a liability in the proprietary funds using the same basis as the activities at the government-wide level. In governmental funds, however, these accrued benefits, including Firefighter compensatory time, are considered long-term liabilities similar to that of long-term debt and are not reported as a fund liability.

Long-term Debt

In the government-wide financial statements the City reports long-term debt of governmental and business-type activities at face value net of the applicable premiums or discounts. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are reported as deferred charges. The same treatment is applied to proprietary fund types in the fund financial statements.

In the governmental fund statements, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds, premiums and discounts are reported as an other financing source. Issuance costs are reported as an expenditure. Long-term debt and associated accrued interest are not reported in governmental funds.

Fund Equity and Net Assets

Reservations of fund balance represent amounts that are not appropriable or are legally separated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Restrictions of net assets represent restrictions placed upon the net assets by parties outside the City (such as creditors, grantors, contributors, or other governments). Normally, net assets subject to self-imposed restrictions are not reported as restricted net assets. However, restrictions imposed by City ordinance, legislation, or election are included as restricted net assets.

Restricted net assets directly related to restricted assets from revenue bond covenants are reported in an amount equal to the restricted assets less any related liabilities.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following City funds have a deficit in fund balance or net assets as of June 30, 2007:

	Deficit Balance
Special Revenue:	
Road Use Tax	37,868
Tax Increment Financing	142,547
Community Development	60,482
Recreation	117,221
Airport Levy	39,852
Internal Service:	
Property Maintenance	218,942
Self Insurance	176,879
Miscellaneous	23,330
Vehicle Maintenance	6,315
Enterprise:	
Solid Waste	115,692
Flint Hills Golf Course	361,463

III. CASH AND INVESTMENTS

As of June 30, 2007, the carrying amount of the City's cash deposits which includes certificates of deposit total $0 with bank balances of $194,289. The bank balances are covered entirely 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.

As of June 30, 2007, the carrying amount of deposits, related bank balances, and other cash, including fiduciary funds, were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	$ (52,796)	$ 146,368
Certificates of Deposit	47,921	47,921
Petty Cash	4,875	0
Total	$ -	$ 194,289

The Southeast Iowa Regional Airport Authority's deposits at June 30, 2007 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 funds.

Cash balances as of June 30, 2007, consisted of unrestricted cash of $20,253.

The cash balances are entirely from checking and savings deposits.

The Burlington Municipal Waterworks' carrying amount of deposits was $1,794,224 all of which are 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 funds.

The Library foundation had cash deposits of $275,259. Investments held by the foundation were as follows:

U. S. Agency obligations	$ 349,834
Certificates of deposit	10,000
Corporate debt securities	461,692
Fixed income funds	500,740
Equity securities	529,394
Equity funds	277,526
Total	$ 2,129,186

The City, the SIRAA, and the Waterworks are authorized by statute to invest in 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 City Council, Board of Trustees, Authority Board or 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.

Interest Rate Risk. The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year of within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City. The City did not hold any instruments with a maturity greater than 397 days during the year.

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 government'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 - Investment. For an investment, this is the risk that, in the event of the failure the counterparty, the government will not to be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City did not hold any investment during the year.

IV. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007, is as follows:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
Governmental activities:				
Undepreciated:				
Land	$ 2,048,774	$ 0	$ 0	$ 2,048,774
Work-in-progress	7,832,702	1,184,670	7,828,843	1,188,529
Total, undepreciated	9,881,476	1,184,670	7,828,843	3,237,303
Depreciated:				
Land improvements	1,207,092	0	0	1,207,092
Infrastructure	38,034,641	1,828,091	0	39,862,732
Buildings	9,637,657	9,548,000	0	19,185,657
Building improvements	4,954,197	36,402	0	4,990,599
Fixtures and equipment	4,437,844	1,010,167	66,294	5,381,717
Vehicles	6,048,133	235,722	186,330	6,097,525
Total, depreciated	64,319,564	12,658,382	252,624	76,725,322
Accumulated depreciation:				
Land improvements	964,295	20,166	0	984,461
Infrastructure	8,092,258	922,531	0	9,014,789
Buildings	1,657,143	357,769	0	2,014,912
Building improvements	2,590,405	248,853	0	2,839,258
Fixtures and equipment	3,619,544	222,484	0	3,842,028
Vehicles	3,671,619	404,948	46,520	4,030,047
Total accumulated depreciation	20,595,264	2,176,751	46,520	22,725,495
Governmental activities fixed assets, net	$ 53,605,776	$ 11,666,301	$ 8,034,947	$ 57,237,130

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
Business-type activities:				
Undepreciated:				
Land	$ 398,543	$ 0	$ 0	$ 398,543
Work-in-progress	63,633	146,671	63,631	146,673
Total, undepreciated	462,176	146,671	63,631	545,216
Depreciated:				
Land improvements	2,263,975	41,708	0	2,305,683
Infrastructure	24,652,778	0	0	24,652,778
Buildings	25,313,523	0	0	25,313,523
Building improvements	1,192,751	84,911	0	1,277,662
Fixtures and equipment	1,997,944	71,885	1,690	2,068,139
Vehicles	1,462,362	90,030	93,600	1,458,792
Total, depreciated	56,883,333	288,534	95,290	57,076,577
Accumulated depreciation:				
Land improvements	1,388,915	78,435	0	1,467,350
Infrastructure	4,723,937	519,419	0	5,243,356
Buildings	13,600,314	610,383	0	14,210,697
Building improvements	446,544	117,096	0	563,640
Fixtures and equipment	1,383,680	157,689	1,690	1,539,679
Vehicles	977,190	120,491	93,602	1,004,079
Total accumulated depreciation	22,520,580	1,603,513	95,292	24,028,801
Business-type activities fixed assets, net	$ 34,824,929	$ (1,168,308)	$ 63,629	$ 33,592,992

Depreciation expense was charged to the activities of the primary government as follows:

	Burlington
Governmental activities:	
Public Safety	$ 424,447
Cultural and Recreation	476,401
Public Works	1,230,469
Community and Economic Development	574
General government	44,860
Total depreciation expense - governmental activities	$ 2,176,751
Business-type activities:	
Sewer	$ 1,301,258
Solid waste	70,886
Recplex	107,500
Parking	63,852
Flint Hills golf course	60,017
Total depreciation expense - business-type activities	$ 1,603,513

The following is a summary of capital assets for the Burlington Municipal Waterworks for the year ended June 30, 2007:

	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
Undepreciated:				
Land	$ 151,981	$ 0	$ 0	$ 151,981
Depreciated:				
Land improvements	715,580	0	0	715,580
Buildings and filter equipment	2,253,195	5,554	0	2,258,749
Purification equipment	816,157	16,938	0	833,095
Power/pumping equipment	2,671,892	1,928,753	0	4,600,645
Distribution system and equipment	8,605,555	1,671,735	0	10,277,290
Furniture and fixtures	149,835	29,491	0	179,326
Vehicles	431,087	0	0	431,087
Total, depreciated	15,643,301	3,652,471	0	19,295,772
Accumulated depreciation:				
Land improvements	237,563	5,264	0	242,827
Buildings and filter equipment	1,699,477	85,083	0	1,784,560
Purification equipment	739,040	52,163	0	791,203
Power/pumping equipment	1,639,370	74,730	0	1,714,100
Distribution system and equipment	5,062,613	180,571	0	5,243,184
Furniture and fixtures	60,798	12,435	0	73,233
Vehicles	340,371	23,515	0	363,886
Total accumulated depreciation	9,779,232	433,761	0	10,212,993
Fixed assets, net	$ 6,016,050	$ 3,218,710	$ 0	$ 9,234,760

The following is a summary of capital assets for the Southeast Iowa Regional Airport Authority for the year ended June 30, 2007:

	Southeast Iowa Regional Airport Authority
Land	$ 1,684,326
Land Improvements	15,314,385
Buildings and Improvements	2,234,036
Furniture and Fixtures	1,056,028
Total	20,288,775
Accumulated Depreciation	5,237,065
Net	$ 15,051,710

V. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Tax Increment Financing	$ 92,639
	Debt Service	39,337
	Employee Benefits	35,660
	Capital Projects	99,000
	Road Use Tax	133,856
	RecPlex	260,533
Total General		661,025
Local Option Sales Tax	Rec Plex	115,982
Hotel/Motel	Special Assessments	254
	Community Development	60,576
	Recreation	41,542
Total Hotel/Motel		102,372
Bridge Fund	RecPlex Fund	27,547
Airport Levy Fund	RecPlex Fund	16,178
Special Contributions	Capital Projects	307,985
	Recreation	40,152
Total Special Contributions		348,137
Downtown SSMID	Recreation	30,332
Enterprise:		
Sewer:	Property Maintenace	226,843
	Vehicle Maintenace	183,036
	Safety Coordination	13,282
	Solid Waste	231,379
	Parking	181,263
	RecPlex	220,789
	Miscellaneous Service	16,598
	Self Insurance	52,826
Total Sewer		1,126,016

Generally, interfund balances reflect the internal borrowing between funds to cover cash shortages.

At the government-wide level, interfund receivables and payables are eliminated that are within the same activity. The remaining interfund loans are eliminated as internal balances in the Statement of Net Assets.

Transfers generally move resources from the fund statutorily required to collect resources to the fund statutorily required to expend resources. In addition, payments in lieu of taxes from enterprise funds to the general fund is treated as a transfer between those funds.

Interfund transfers for the year ended June 30, 2007 were as follows:

Transfers In:

Transfers out:	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Sewer Fund	RecPlex Fund	Internal Service Funds	Total
General Fund	$ 0	$ 27,040	$ 0	$ 454,163	$ 0	$ 0	$ 35,000	$ 516,20[illegible]
Road use tax fund	259,008	126,528	0	0	0	0	0	$ 385,53
Local option sales tax fund	2,537,742	71,400	665,789	0	0	0	0	$ 3,274,931
Tax increment financing fund	54,251	1,019,698	0	0	0	0	0	$ 1,073,949
Employee Benefit Fund	1,342,425	0	0	0	0	0	0	$ 1,342,42
Nonmajor governmental funds	49,500	140,000	25,791	0	552	48,102	0	$ 263,94
Sewer fund	401,122	0	43,000	0	0	0	0	$ 444,122
Solid waste fund	100,658	0	0	0	0	0	0	$ 100,65[illegible]
Capital Projects	240,000	573,377	0	0	0	0	0	$ 813,37
Internal Service Funds	21,420	0	0	0	0	0	0	$ 21,420
	$ 5,006,126	$ 1,958,043	$ 734,580	$ 454,163	$ 552	$ 48,102	$ 35,000	$ 8,236,56

VI. DEFERRED REVENUE

Under both the accrual and the modified accrual methods of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset with a corresponding liability for deferred (unearned) revenue. The following funds had deferred (unearned) revenue at June 30, 2007:

General	Succeeding Year Taxes	$ 5,286,153
Debt Service	Succeeding Year Taxes	1,674,110
Tax Increment Financing	Succeeding Year Taxes	1,370,705
Employee Benefits Fund	Succeeding Year Taxes	1,285,652
Other Governmental	Succeeding Year Taxes	179,729
Sewer	Unearned Sewer Fees	240,867
Solid Waste	Unearned Trash Fees	79,135

Governmental funds also record deferred (unavailable) revenue for revenues that have been earned but are not available to liquidate current liabilities. The following funds had deferred (unavailable) revenues at June 30, 2007.

General Fund	Accounts Receivable	$ 66,937
	Special Assessments Receivable	88,443
	Delinquent Taxes	3,881
Tax Increment Financing	Accounts Receivable	3,687
	Delinquent Taxes	12,744
Other Governmental	Accounts Receivable	7,953
	Special Assessments Receivable	60,624
	Delinquent Taxes	2,904
Capital Projects	Accounts Receivable	26,772

The Waterworks had deferred revenue for unearned water fees of $115,793 and the SIRAA had deferred revenue for unearned rent of $7,448.

VII. LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of infrastructure, major capital facilities, and other major capital assets. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in proprietary funds if they are expected to be repaid from proprietary fund revenues. General obligation bonds as of June 30, 2007 consist of the following individual issues:

Debt	Issue Date	Amount Issued	Interest Rates	Balance June 30, 2007
General corporate	09/01/97	4,500,000	4.30-5.25	1,225,000
General corporate	09/01/98	5,245,000	4.05-5.00	1,400,000
General corporate	09/01/98	950,000	5.85-6.80	675,000
General corporate	09/01/99	2,800,000	4.25-5.00	1,225,000
General corporate	07/16/01	540,000	3.00-4.50	265,000
General corporate	11/05/01	2,500,000	3.00-4.50	1,880,000
General corporate	06/01/02	4,400,000	4.00-4.40	4,400,000
General corporate	06/01/04	3,425,000	3.75-4.10	3,035,000
G. O. Sewer	07/01/03	5,000,000	3.4-4.0	5,000,000
Library Note	03/14/05	700,000	3	685,000
Community Field Note	05/23/05	425,000	4.15	315,241
Aquatic Center Note	04/29/05	1,800,000	6	1,795,814
G.O. Refunding	07/01/06	4,520,000	3.9-4.15	4,355,000
General corporate	07/18/05	5,000,000	3.5-4.0	5,000,000
		$ 41,805,000		$ 31,256,055

Future debt service requirements for the outstanding general obligation bonded indebtedness are as follows:

Year Ending June 30	Governmental Activities		Business Type Activities		
	Principal	Interest	Principal	Interest	Total
2008	1,977,166	1,085,091	143,107	231,186	3,436,550
2009	1,981,171	996,927	143,734	226,053	3,347,884
2010	3,715,169	910,714	132,778	219,779	4,978,440
2011	2,038,105	721,520	132,778	215,100	3,107,503
2012	2,203,426	639,674	188,622	210,422	3,242,144
2013	2,223,950	550,136	191,050	203,566	3,168,702
2014	2,100,308	459,977	394,692	196,587	3,151,564
2015	2,191,666	372,211	488,334	182,666	3,234,877
2016	2,128,024	279,623	506,976	165,327	3,079,950
2017-2023	4,618,392	420,440	3,756,608	588,056	9,383,496
	$ 25,177,377	$ 6,436,314	$ 6,078,679	$ 2,438,741	$ 40,131,110

Sewer revenue bonds. The City issues sewer revenue bonds to provide for the construction of sewer system infrastructure. These bonds are reported in the sewer fund in the enterprise funds. Sewer revenue bonds as of June 30, 2007 consist of the following issues:

Debt	Issue Date	Amount Issued	Interest Rates	Balance June 30, 2007
Sewer revenue	09/01/98	3,050,000	4.05 - 4.65	1,465,000
Sewer revenue	07/01/01	1,160,000	3.00-4.90	730,000
		$ 4,210,000		$ 2,195,000

Future debt service requirements for the outstanding sewer revenue bonded indebtedness are as follows:

Year Ending June 30	Obligation Principal	Obligation Interest	Total
2008	295,000	100,273	395,273
2009	310,000	87,493	397,493
2010	325,000	73,713	398,713
2011	340,000	59,088	399,088
2012	355,000	43,573	398,573
2013	370,000	27,148	397,148
2014	200,000	9,800	209,800
	$ 2,195,000	$ 401,088	$ 2,596,088

The following provisions are included in the sewer revenue bond indenture:

That cash from the Sewer Fund shall be transferred monthly into the Sewer Revenue and Interest Fund to pay the interest on, and to redeem the principal amount of, the bonds at maturity. The monthly transfers must be equal to one-sixth of the interest due on the next payment date, plus one-twelfth of the principal maturing on the next retirement date.

That cash from the Sewer Fund shall be transferred monthly into the Sewer Revenue Bond Sinking Fund at the rate of twenty-five percent of the amount required for the Sewer Revenue and Interest Fund unless the Sewer Revenue Bond Sinking Fund contains as a reserve an amount equal to $501,000.

That on or before the beginning of each fiscal year City Council will adopt or continue in effect rates for all services rendered by the Utility sufficient to produce "net revenues" for the next succeeding fiscal year sufficient to meet the requirements of the sinking funds and to create "net revenues" equal to at least 1.25 times the maximum annual combined debt service of the revenue bonds then outstanding. "Net revenues" are defined as gross revenues less operating expenses which shall include salaries, wages, cost of maintenance and operation, materials and supplies, and insurance, as well as other items that are normally included under recognized accounting practices, but shall not include allowance for depreciation in the value of physical properties.

Urban Renewal Tax Increment Revenue Bonds. In November, 2006 the City issued $6,520,000 of Urban Renewal Tax Increment Revenue Bonds to finance acquisition, demolition, and redevelopment of a World War II era housing development adjacent to Roosevelt Avenue (U. S. Highway 61). This area is top be sold to a Minneapolis, Minnesota developer to be developed for retail purposes. In addition this issue included funds to finance the construction of a street within Flint Ridge Business Park and economic development incentives for Dresser Rand Corporation. These bonds will be repaid with incremental property taxes generated by development within the area.

Future Debt Service requirements for the Urban Renewal Tax Increment bonded indebtedness is as follows:

Year Ending June 30	Obligation Principal	Obligation Interest	Total
2008	-	637,380	637,380
2009	50,000	424,920	474,920
2010	50,000	421,670	471,670
2011	435,000	418,420	853,420
2012	460,000	390,145	850,145
2013	485,000	360,245	845,245
2014	515,000	328,720	843,720
2015	545,000	295,245	840,245
2016	575,000	259,820	834,820
2017-2021	3,405,000	694,565	4,099,565
	6,520,000	4,231,130	10,751,130

Notes payable. The City has entered into a note payable to Grow Greater Burlington for $372,000 on April 12, 1999. The note was executed to help finance the infrastructure improvements necessary for construction of the sports complex and is payable from future tax increment funds. The note is due in 10 equal installments beginning on April 20, 2001 plus interest at the rate of 5%. The remaining balance is $148,800.

Ending June 30	Obligation Principal	Obligation Interest	Total
2008	37,200	7,440	44,640
2009	37,200	5,580	42,780
2010	74,400	5,580	79,980
TOTAL	$ 148,800	$ 18,600	$ 167,400

Changes in Long-term Debt. The following is a summary of the changes in the long-term debt of the City for the year ended June 30, 2007.

	June 30, 2006	Additions	Retirements	June 30, 2007	Due Within One Year
Governmental activities:					
General obligation bonds	$ 27,135,916	$ 3,422,544	$ 5,381,083	$ 25,177,377	$ 1,977,166
Less: Deferred amount on refunding	$ 0	$ (189,962)	$ (13,569)	$ (176,393)	0
Notes payable	227,043	0	78,243	148,800	37,200
Urban Renewal Revenue	0	6,520,000	0	6,520,000	0
Compensated absences	958,208	913,477	840,845	1,030,840	257,710
Total governmental activities	28,321,167	10,666,059	6,286,602	32,700,624	2,272,076
Business-type activities:					
General obligation bonds	6,150,322	1,097,456	1,169,099	6,078,679	143,107
Less: Deferred amount on refunding	0	(60,913)	(4,351)	(56,562)	0
Sewer revenue bonds	2,585,000	0	390,000	2,195,000	295,000
Compensated absences	169,877	174,552	166,155	178,274	44,569
Total business-type activities	8,905,199	1,211,095	1,720,903	8,395,391	482,676

Typically, long-term liabilities of the governmental activities, other than debt, are liquidated by the fund incurring the debt.

The City issued $4,520,000 of Refunding Bonds dated July 1, 2006. These bonds were sold to advance refund the June 1, 2000 Public Works Building Bond Issue. The proceeds from the sale are being held by Bankers Trust Company, Des Moines, Iowa and will be utilized to retire the 2000 debt. This advance refunding will save the City $295,045 over the life of the debt. As of June 30, 2007 $4,100,000 of the refunded debt remains outstanding. The reacquisition price exceeded the net carrying amount of the old debt by $250,875. This amount is being netted against the old debt and amortized over the remaining life of the need debt.

Subsequent Events. On July 2, 2007 the city entered into a Physical Infrastructure Assistance Agreement with the Iowa Department of Economic Development. This agreement provided $1,000,000 at two percent (2%) interest for ten years to assist the city in purchasing a building from Dresser- Rand Corporation to be resold or utilized for redevelopment.
On October 15, 2007 the city sold $3,350,000 of general obligation bonds to fund street construction and equipment purchases. These bonds have an interest rate of four percent (4%) with a final payment date of June 1, 2022.

VIII. RESTRICTED NET ASSETS AND RESTRICTED ASSETS ACCOUNTS

The City's sewer revenue bond covenants and the Waterworks' revenue bond covenants require certain restrictions of net assets. Restrictions of net assets are also created by grant restrictions, legal restrictions, and donor restrictions. Restrictions of net assets related to bond covenants are shown net of the related debt. The restricted portions of net assets as of June 30, 2007 are as follows:

	Governmental Activities	Business-type Activities	Burlington Municipal Waterworks	Friends of The Public Library
Public Safety:				
Donor restrictions	$ 148,359	$ 0	$ 0	$ 0
Cultural and Recreation:				
Donor restrictions	159,810	0	0	1,748,174
Hotel/motel taxes	113,068	0	0	0
Public Works:				
Donor restrictions	7,252	0	0	0
SSMID taxes	3,812	0	0	0
Other:				
Depreciation, extensions, and improvements	0	0	706,662	0
Debt service:				
Urban Renewal Revenue Bonds	212,460			
Sewer revenue bond sinking	0	501,000	0	0
Water revenue bond retirement	0	0	213,602	0
Total	$ 644,761	$ 501,000	$ 920,264	$ 1,748,174

The balances of the restricted asset accounts as of June 30, 2007 are as follows:

	Business-type Activities	Burlington Municipal Waterworks
Restricted assets, cash and cash equivalents	$ 0	$ 919,629
Restricted assets, interest receivable	0	777
Total	$ 0	$ 920,406

IX. RETIREMENT SYSTEMS

Iowa Public Employees Retirement System (IPERS)

The City of Burlington and the Southeast Iowa Regional Airport Authority contribute 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. This report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City and the SIRAA are required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were $349,321, $339,158, and $339,631, respectively, equal to the required contributions for each year. The SIRAA's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005, were $5,128, $5,666, and $6,046, respectively.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI) which is a cost-sharing, multiple-employer defined benefit plan administered by a Board of Trustees. MFPRSI provides retirement, disability and death benefits which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report which

may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of their earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. For fiscal year 2006-2007 the City's contribution rate was 27.75%. Contribution requirements are established by State statute. The City's contributions to MFPRSI for the years ended June 30, 2007, 2006, and 2005 were $1,084,702 $1,092,906, and $932,157, respectively, which met the required minimum contributions for each year.

Waterworks' Defined Contribution Pension Plan

The Waterworks established a defined contribution pension plan on February 1, 1989. The Waterworks' Board of Trustees establishes and amends the plan provisions which is administered by the Principal Financial Group.

The plan members and the Waterworks are required to contribute 5% of the plan members' total pay on a monthly basis. The Waterworks contributed $49,000, $48,600, and $46,200, net of forfeitures, to the plan for the years ended June 30, 2007, 2006, and 2005, respectively.

X. RISK MANAGEMENT

The City, in conjunction with Des Moines County, Iowa, the Burlington Municipal Waterworks, the Southeast Iowa Regional Airport Authority, and other organizations participates in a multi-government pool for health insurance which is funded through employer premiums. The City, the County, the Waterworks, the SIRAA, and the other organizations are contingently liable as to medical claims made by the participants in the plan. Effective July 1, 2003 the plan began purchasing coverage through Wellmark Blue Cross/Blue Shield. Coverage purchased includes a $2,000/$4,000 deductible, with the plan self-insuring the difference between those amounts and the deductible elected by the employee. Dental and Prescription Drug claims are self-insured. Claims based on occurrences prior to July 1, 2003 remain insured under the previous insurance policies. The handling of all claims and procedures is performed by an independent claims administrator. Settled claims have not exceeded the planned coverage during any of the past three fiscal years.

The City is self insured for general and automotive liability, property, and worker's compensation. The City's general and automotive liability, property, and worker's compensation premiums and claims are accounted for in an internal service fund. Charges are billed to the operating funds based upon actual claims incurred but not reported (IBNR). Unemployment claims are charged quarterly to the applicable funds based upon actual claims as assessed by the State.

Self insurance is in effect up to a stop loss amount of approximately $50,000 per incident for property coverage, $100,000 per incident for worker's compensation, and $250,000 per incident for all other coverage. Reinsurance of $5,000,000 for liability and $72,570,072 for buildings and contents are provided over and above the retention amounts. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The changes in the aggregate liability for claims for the years ended June 30, 2007 and 2006 are as follows:

	2007	2006
Claims payable, beginning of year	$ 151,576	$ 117,453
Incurred claims and other adjustments (including IBNR)	157,132	229,598
Claim payments	(187,487)	(195,475)
Claims payable, end of year	$ 121,221	$ 151,576

XI. JOINTLY GOVERNED ORGANIZATIONS

The City participates in several jointly governed organizations. The City is a member of the Des Moines County Regional Solid Waste Commission (DMCRSWC). The Solid Waste Commission manages the landfill and the recycling center in Des Moines County. The City, along with ten other governmental entities, form the DMCRSWC. The City provides three board members while each of the other entities provides one board member creating a thirteen member board. The City paid $264,871 in recycling fees and $280,838 in landfill charges in fiscal year 2007.

The City also participates in the Joint Safety Committee (JSC). The JSC is a cooperative effort by the City, Des Moines County, and the Burlington Municipal Waterworks to monitor and improve on-the-job safety conditions and to assist in complying with OSHA regulations. Board members are based on number of employees covered with the City appointing two members, the County two members, and the Waterworks one member. The City contributed $46,183 in fiscal year 2006 to the JSC for operating expenses and also provided accounting services at no cost.

XII. SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS

In 2001 the City entered into an agreement with the Southeast Iowa Regional Airport Authority to help fund the re-construction of a taxiway. The construction was funded 90% from a Federal Aviation Administration grant. The City issued $540,000 in general obligation bonds to assist the SIRAA with their share of the project of $716,000. The SIRAA is making annual payments over ten years to the City to cover the debt service. As of June 30, 2007 the outstanding balance due the city was $265,000.

XIII. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

In 1984, under the terms of the Small Cities Community Development Block Grant Program, the City advanced $1,200,000 to a local construction company for the redevelopment and operation of a housing project in the Flint Hills Manor subdivision of the City. The contract is guaranteed by the officers of the construction company and is due on October 16, 2014.

For the City to receive cash under this agreement, the construction company must meet the principal and interest requirements on all other debt relating to the project as well as all "normal" operating expenses of the project. In addition, the construction company is guaranteed ten percent return on its equity in the project. Funds available after satisfying the above conditions will be divided between the construction company and the City, sixty percent (60%) and 40 percent (40%), respectively.

Any amounts received by the City under these conditions will be considered interest. In no case will the City's rate of return on the $1,200,000 advance exceed the greater of: (1) the bond rate as of December 31 of the subject year on the First Mortgage Revenue bonds to be issued by the Iowa Housing Finance Authority in conjunction with the project, or (2) the cost of rollover financing on the project, or (3) ten percent (10%). Any funds received from the housing project in excess of the above limitations belong to the construction company. As of June 30, 2007, no cash has been received by the City under this contract.

XIV. COMMITMENTS AND CONTINGENCIES

The City also has outstanding commitments for construction projects including street and sewer improvements, and other miscellaneous construction. The City's commitment to these contracts, net of amounts funded through state and federal grants, is $815,255.

The City is a defendant in several claims and lawsuits. In the opinion of the City Attorney and management, the resolution of these matters will not have a material effect on the financial statements of the City.

XV. NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARDS (GASB) STANDARDS

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

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

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

Statement No. 47, *Accounting for Termination Benefits* issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through an existing defined benefit plan OPEB plan, the provisions of this Statement should be implemented simultaneously with the

requirements of Statement 45. For all other termination benefits, this Statement is effective for the fiscal year ended June 30, 2006.

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

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

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

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

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

City of Burlington, Iowa

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances-
Budget and Actual(Cash Basis)
Governmental Funds and Proprietary Funds

Required Supplementary Information

For the Year Ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final To Actual Variance
Resources (inflows):						
Property taxes	$ 8,296,663	$ 0	$ 8,296,663	$ 8,312,859	$ 8,312,859	$ 16,196
Tax Increment Revenues	1,288,436	0	1,288,436	1,298,670	1,298,670	10,234
Other taxes	4,685,584	0	4,685,584	4,129,527	4,284,527	(401,057)
Licenses and permits	310,543	500	311,043	333,825	378,825	67,782
Intergovernmental revenue	4,805,047	0	4,805,047	3,470,389	4,025,389	(779,658)
Charges for services	1,517,622	5,315,641	6,833,263	11,189,080	11,429,080	4,595,817
Use of money and property	329,962	13,322	343,284	323,390	323,390	(19,894)
Miscellaneous	1,209,779	561,764	1,771,543	1,819,322	1,865,322	93,779
Special Assessments	26,337	0	26,337	0	0	(26,337)
Total Receipts	22,469,973	5,891,227	28,361,200	30,877,062	31,918,062	3,556,862
Disbursements:						
Public Safety	8,489,937	0	8,489,937	8,332,166	8,485,166	(4,771)
Public Works	3,545,503	0	3,545,503	3,387,978	3,590,478	44,975
Health and Social Services	3,470	0	3,470	2,550	3,600	130
Culture and Recreation	3,452,516	0	3,452,516	3,109,119	3,262,119	(190,397)
Community and Economic Development	453,522	0	453,522	496,660	496,660	43,138
General Government	1,284,891	0	1,284,891	1,350,582	1,510,737	225,846
Debt Service	3,583,956	0	3,583,956	3,588,005	3,607,055	23,099
Capital Projects	8,881,824	0	8,881,824	3,559,000	10,009,000	1,127,176
Business Type Activities	0	5,317,580	5,317,580	8,304,243	8,624,243	3,306,663
Total Disbursements	29,695,619	5,317,580	35,013,199	32,130,303	39,589,058	4,575,859
Excess(deficiency) of receipts over (under) disbursements	(7,225,646)	573,647	(6,651,999)	(1,253,241)	(7,670,996)	(1,018,997)
Other financing sources(net)	7,028,088	(586,868)	6,441,220	-	6,520,000	78,780
Excess(deficiency) of receipts and other financing sources over(under) disbursements and other financing uses	(197,558)	(13,221)	(210,779)	(1,253,241)	(1,150,996)	(940,217)
Balances beginning of year	1,736,689	(1,062,925)	673,764	2,704,064	2,704,064	2,030,300
Balances end of Year	$ 1,539,131	$ (1,076,146)	$ 462,985	$ 1,450,823	$ 1,553,068	$ 1,090,083

City of Burlington, Iowa

Budget to GAAP Reconciliation

Required Supplementary Information

For The Year Ended June 30, 2007

	Governmental Funds			Proprietary Funds		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis	Cash Basis	Acrrual Adjust-ments	Accrual Basis
Revenues	22,469,973	-	22,469,973	5,891,227	(18,000)	5,873,227
Expenditure/Expense	29,695,619	(2,377,869)	27,317,750	5,317,580	1,228,790	6,546,370
Net	(7,225,646)	2,377,869	(4,847,777)	573,647	(1,246,790)	(673,143)
Other financing sources, net	7,028,088	(90,742)	6,937,346	(586,868)	382,791	(204,077)
Beginning fund balances/net assets	1,736,689	-	1,025,859	(1,062,925)	-	25,151,043
Ending fund balances/net assets	1,539,131	2,287,127	3,115,428	(1,076,146)	-	24,273,823

The City prepares, adopts and submits to the State of Iowa an annual budget on a program basis for all combined funds, except the internal service funds, as prescribed by Iowa statutes. The State of Iowa requires that annual budgets for the year beginning July 1 be certified to the County Auditor no later than March 15 preceding the beginning of the fiscal year. The adopted budget constitutes the City's appropriation for each program and purpose specified therein until amended.

After the initial budget is adopted, the budget may be amended for specific purposes. Budget amendments are required for budget transfers between funds as well as between programs. Management is not authorized to amend the budget without the approval of City Council. The City filed two budget amendments for the fiscal year ended June 30, 2007 for a total of $7,458,755. Included was $500,000 to be received and disbursed under the VISION IOWA program, $6,060,000 expended for an economic development incentives and a large Urban Renewal Project to acquire and prepare an old multi-family housing area for redevelopment for commercial purposes. Additionally, there was $278,500 for increased energy costs, $138,000 for public safety overtime, $93,000 for increased Hotel/Motel tax expenditures, and $80,000 for repairs at the Wastewater Plant. The balance was to cover miscellaneous items incurred during the year.

The City Council also approves a five year capital improvement program. This capital improvement program is reviewed and revised annually by the City Council. A public hearing is held in regard to proposed capital improvements for the City. The first year of this plan is integrated into the City's accounting and reporting system along with the annual operating budget.

The State of Iowa allows the total cost of a construction project to be budgeted in one annual budget even if the project extends beyond that fiscal year. The remaining appropriation continues until the project is completed as long as (1) the total cost of the project is adopted after a public hearing as required by State code, (2) the cost must be included in an adopted or amended city budget, and (3) if the cost of a project exceeds the continuing appropriation, an additional appropriation must be included in a subsequent budget or amendment.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is the function level for all funds combined rather than at the individual fund level. The nine functions mandated by the State are: (1) Public Safety (2) Culture and Recreation (3) Community and Economic Development (4) Health and Social Services (5) Public Works (6) General Government (7) Debt Service (8) Capital Projects and (9) Business Type Activities. Since the City maintains its budgets at the individual fund level, it is necessary to aggregate the

expenditures of the budgeted activities within the individual funds on a function basis and to compare such function totals with the function budgeted totals in order to demonstrate legal compliance with the budget.

Revenues are credited to the individual fund types while expenditures/expenses are classified according to function areas within the individual funds for budgetary control purposes. Encumbrances and expenditures/expenses are compared to budget appropriations according to the nine general function designations.

For budgetary purposes, encumbrances are recognized as a valid and proper charge against the budget appropriations in the year in which the commitment was issued. Encumbrances do not lapse at year end and provide authorization for expenditure in the following year. Unencumbered appropriations, other than amounts appropriated for capital projects, lapse at year end. Appropriations for unfinished capital projects are carried forward indefinitely

All general obligation bond payments, including those for which financial reporting purposes are accounted for through the enterprise funds, are budgeted through the debt service fund.

A comparison of the actual expenditures/expenses with the City's final amended program budget amounts is presented as Required Supplementary Information.

A reconciliation of the expenditures as presented in accordance with generally accepted accounting principles (GAAP), to the amounts presented on the budgetary basis is also presented as Required Supplementary Information.

During the year ended June 30, 2007, disbursements in the Public Safety, and Cultural and Recreation functions exceeded the amount budgeted.

Nonmajor Governmental Funds

Special revenue funds are used to account for specific revenues that are legally or administratively restricted to expenditure for a particular purpose.

Hotel/Motel Tax Fund - Accounts for the expenditure of available monies from the City's tax on hotel and motel rooms.

Special Assessments Fund - Accounts for assessments placed on specific properties for improvements that affect those properties.

Community Development Fund - Accounts for block grants received to rehabilitate and improve designated declining areas within the City.

Recreation Fund - Accounts for revenues designated to provide the citizens recreational opportunities.

Employee Benefits Fund - Accounts for property taxes levied for FICA, IPERS, and other employee benefits.

Equipment Replacement Fund - Accounts for the purchase and replacement of capital equipment for general operations of the City.

Bridge Fund - Accounts for the funds retained by the City following the replacement of the MacArthur Bridge, to be used for maintenance of the new bridge.

Airport Levy Fund - Accounts for the property taxes levied to fund the City's membership contribution to the Southeast Iowa Regional Airport Authority.

Downtown SSMID District Fund - Accounts for the self-imposed property tax levy by a downtown district, to be used for the promotion and improvement of that district.

Special Contribution Fund - Accounts for donations restricted by donors to specific activities and purposes.

CTAC Internet Fund – Accounts for the receipt of funds contributed by the entities utilizing the City's Wide Area Network and the corresponding expenditures to maintain the system.

City of Burlington, Iowa

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Special Revenue									Total Governmental Funds
	Hotel/Motel Tax	Special Assessments	Community Development	Recreation	Equipment Replacement	Bridge	Airport Levy	Downtown SSMID District	Special Contribution	
Assets										
Cash and cash equivalents	$ 0	$ 0	$ 0	$ 0	$ 2,067	$ 0	$ 905	$ 2,031	$ -	$ 5,003
Receivables:										
Taxes	0	0	0	0	0	0	118,162	69,347	0	187,509
Accounts	127,884	0	8,048	1,290	727	0	0	0	343	138,292
Special assessments	0	61,452	0	0	0	0	0	0	0	61,452
Due from Other Funds	102,372	0	0	0	0	27,547	16,178	30,332	348,137	524,566
Prepaid contracts	0	0	0	0	0	0	883	0	0	883
Total assets	$ 230,256	$ 61,452	$ 8,048	$ 1,290	$ 2,794	$ 27,547	$ 136,128	$ 101,710	$ 348,480	$ 917,705
Liabilities and fund balances (deficits)										
Liabilities										
Accounts payable	$ 117,188	$ 0	$ 1	$ 6,485	$ 570	$ 1,559	$ 60,896	$ 33,166	$ 958	$ 220,823
Due to other funds	0	254	60,576	112,026	0	0	0	0	0	172,856
Deferred revenue	0	60,624	7,953	0	0	0	115,084	64,732	0	248,393
Total liabilities	117,188	60,878	68,530	118,511	570	1,559	175,980	97,898	958	642,072
Fund balances (deficits)										
Reserved for encumbrances	0	0	-	0	315	0	0	0	0	315
Unreserved, undesignated	113,068	574	(60,482)	(117,221)	1,909	25,988	(39,852)	3,812	347,522	275,318
Total fund balances (deficits)	113,068	574	(60,482)	(117,221)	2,224	25,988	(39,852)	3,812	347,522	275,633
Total liabilities and fund balances (deficits)	$ 230,256	$ 61,452	$ 8,048	$ 1,290	$ 2,794	$ 27,547	$ 136,128	$ 101,710	$ 348,480	$ 917,705

City of Burlington, Iowa

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue									
	Hotel/Motel Tax	Special Assessments	Community Development	Recreation	Equipment Replacement	Bridge	Airport Levy	Downtown SSMID District	Special Contribution	Total Governmental Funds
Revenues:										
Property taxes	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 111,022	$ 63,808	$ 0	$ 174,830
Other taxes and assessments	0	26,337	0	0	0	0	4,428	0	0	30,765
Intergovernmental	0	0	0	0	0	0	0	0	0	0
Charges for services	0	0	0	0	8,693	4,464	0	0	0	13,157
Use of money and property	1,568	0	0	0	11	139	0	0	2,405	4,123
Other	0	0	1,476	0	0	6,400	0	0	360,599	368,475
Total revenues	1,568	26,337	1,476	0	8,704	11,003	115,450	63,808	363,004	591,350
Expenditures:										
Current operating:										
Public Safety	0	0	0	0	0	0	0	0	14,433	14,433
Culture and Recreation	377,669	0	0	0	0	7,521	0	0	218,074	603,264
Public Works	0	0	0	0	10,353	4,134	120,631	67,325	0	202,443
Community and Economic Development	0	0	0	0	0	0	0	0	0	0
Total expenditures	377,669	0	0	0	10,353	11,655	120,631	67,325	232,507	820,140
Excess (deficiency) of revenues over (under) expenditures	(376,101)	26,337	1,476	0	(1,649)	(652)	(5,181)	(3,517)	130,497	(228,790)
Other financing sources (uses):										
Transfers in	454,163	0	0	0	0	0	0	0	0	454,163
Transfers out	(228,102)	(26,343)	0	0	0	0	0	0	(9,500)	(263,945)
Total other financing sources and uses	226,061	(26,343)	0	0	0	0	0	0	(9,500)	190,218
Net change in fund balance	(150,040)	(6)	1,476	0	(1,649)	(652)	(5,181)	(3,517)	120,997	(38,572)
Fund balances (deficits), beginning	263,108	580	(61,958)	(117,221)	3,873	26,640	(34,671)	7,329	226,525	314,205
Fund balances (deficits), ending	$ 113,068	$ 574	$ (60,482)	$ (117,221)	$ 2,224	$ 25,988	$ (39,852)	$ 3,812	$ 347,522	$ 275,633

Internal Service Funds

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

Property Maintenance Fund - Accounts for the activities associated with maintaining and servicing the City's buildings and grounds beyond traditional janitorial service on a cost reimbursement basis.

Vehicle Maintenance Fund - Accounts for the operations of a central vehicle maintenance garage and fuel distribution system. All costs incurred for vehicle maintenance, operations, and fuel are charged to departments and other governments on a cost reimbursement basis.

Safety Coordination Fund - Accounts for the operations of the safety coordinator. All costs incurred for such activities are charged to funds and other governments on a cost reimbursement basis.

Self Insurance Fund - Accounts for insurance claims against the City and the administration of the self insurance plan. All paid claims and administration costs are charged to departments as premiums based on departmental claims experience. Premiums are designed on a cost reimbursement basis.

Miscellaneous Service Fund - Accounts for miscellaneous activities and purchases incurred on the behalf of all City departments. All costs incurred are expected to be reimbursed by departments on a cost reimbursement basis.

City of Burlington, Iowa

Combining Statement of Net Assets
Internal Service Funds
June 30, 2007

	Property Maintenance	Vehicle Maintenance	Safety Coordination	Self Insurance	Miscellaneous Service	Total
Assets						
Current assets:						
Receivables:						
Accounts	224	40,076	24,276	566	0	65,142
Inventories	0	59,184	0	0	0	59,184
Prepaid contracts	3,532	6,170	0	0	0	9,702
Total current assets	3,756	105,430	24,276	566	0	134,028
Noncurrent assets:						
Capital assets:						
Buildings, infrastructure, and equipment, net	$ 154,628	646,891	3,018	0	0	804,537
Total noncurrent assets	154,628	646,891	3,018	0	0	804,537
Total assets	$ 158,384	$ 752,321	$ 27,294	$ 566	$ 0	$ 938,565
Liabilities						
Current liabilities:						
Accounts payable	$ 14,409	$ 59,534	$ 7,807	$ 3,398	$ 6,732	$ 91,880
Claims payable	0	0	0	121,221	0	121,221
Due to other funds	226,843	183,036	13,282	52,826	16,598	492,585
Bond interest payable	421	2,040	0	0	0	2,461
Current portion of long-term obligations	11,794	21,045	936	0	0	33,775
Total current liabilities	253,467	265,655	22,025	177,445	23,330	741,922
Noncurrent liabilities:						
Noncurrent portion of long-term obligations	123,859	492,981	2,808	0	0	619,648
Total liabilities	377,326	758,636	24,833	177,445	23,330	1,361,570
Net Assets						
Invested in capital assets, net of related debt	$ 47,059	124,291	3,420	0	0	174,770
Unrestricted (deficit)	(266,001)	(130,606)	(959)	(176,879)	(23,330)	(597,775)
Total net assets	(218,942)	(6,315)	2,461	(176,879)	(23,330)	(423,005)
Total liabilities and net assets	$ 158,384	$ 752,321	$ 27,294	$ 566	$ 0	$ 938,565

City of Burlington, Iowa

Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2007

	Property Maintenance	Vehicle Maintenance	Safety Coordination	Self Insurance	Miscellaneous Service	Total
Operating revenues:						
Charges for services	$ 416,988	$ 708,233	$ 94,563	$ 149,926	$ 0	$ 1,369,710
Other	224	10,192	104	0	76,534	87,054
Total operating revenues	417,212	718,425	94,667	149,926	76,534	1,456,764
Operating expenses:						
Personal services	358,676	190,504	80,749	41,863	0	671,792
Contractual services	41,445	20,023	5,827	115,269	76,882	259,446
Operating supplies	13,339	460,024	8,024	0	0	481,387
Depreciation	12,275	24,429	402	0	0	37,106
Total operating expenses	425,735	694,980	95,002	157,132	76,882	1,449,731
Operating income (loss)	(8,523)	23,445	(335)	(7,206)	(348)	7,033
Nonoperating revenues (expenses):						
Interest expense	(3,957)	(19,239)	0	0	0	(23,196)
Total nonoperating revenues (expenses)	(3,957)	(19,239)	0	0	0	(23,196)
Net income (loss) before contributions and transfers	(12,480)	4,206	(335)	(7,206)	(348)	(16,163)
Capital Contributions	18,510	90,418	0	0	0	108,928
Transfers in	0	0	0	35,000	0	35,000
Transfers Out	(3,654)	(17,766)	0	0	0	(21,420)
Change in net assets	2,376	76,858	(335)	27,794	(348)	106,345
Total net assets - beginning	(221,318)	(83,173)	2,796	(204,673)	(22,982)	(529,350)
Total net assets - ending	$ (218,942)	$ (6,315)	$ 2,461	$ (176,879)	$ (23,330)	$ (423,005)

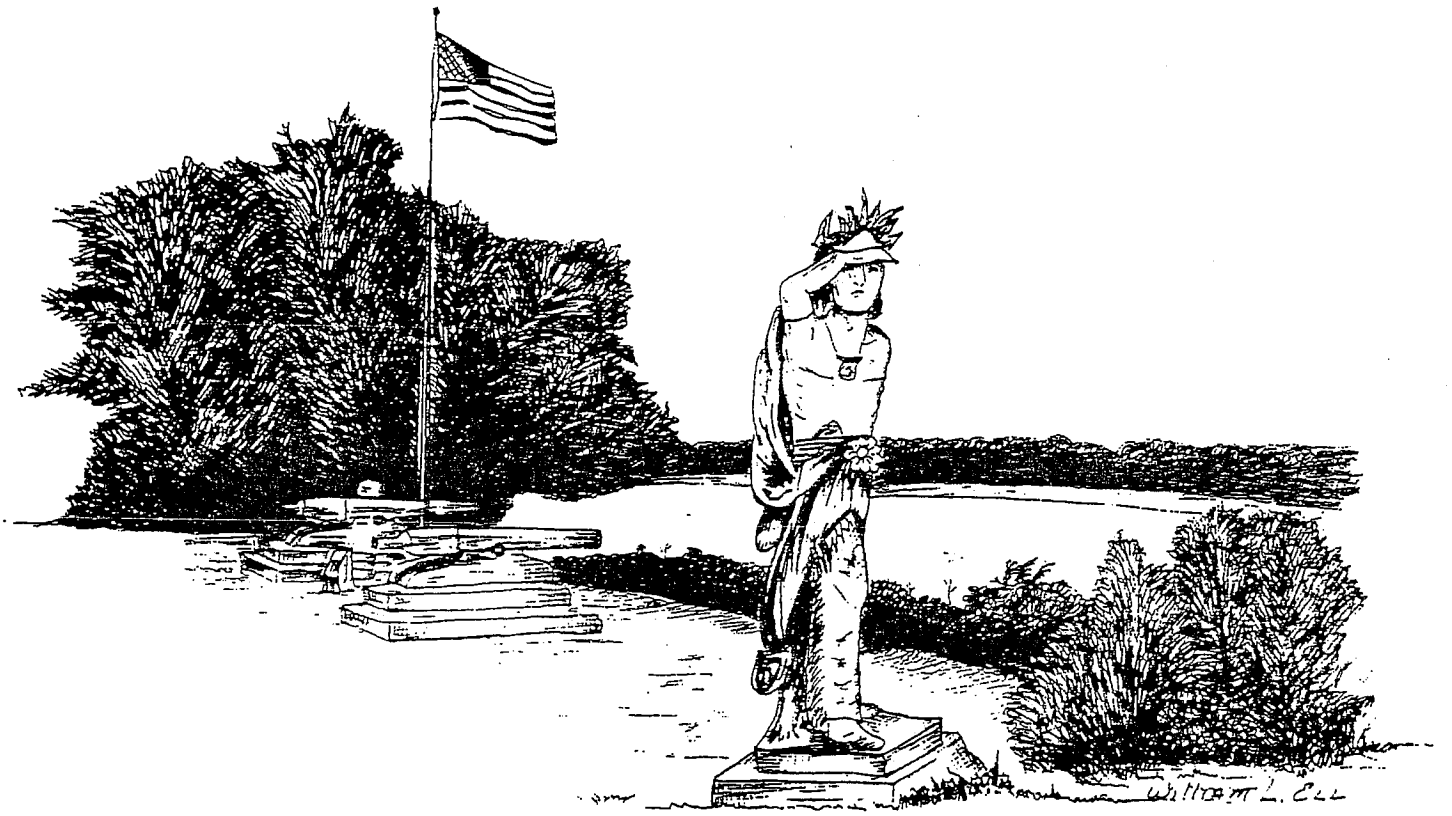
City of Burlington, Iowa

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2007

	Property Maintenance	Vehicle Maintenance	Safety Coordination	Self Insurance	Miscellaneous Service	Totals
Cash flows from operating activities:						
Receipts from customers	$ 0	$ 10,192	$ 94,563	$ 149,926	$ 0	$ 254,681
Payments to suppliers	(53,601)	(487,792)	(13,201)	0	(84,375)	(638,969)
Payments to employees	(351,281)	(190,504)	(80,749)	0	0	(622,534)
Internal activity-payments to (from) other funds	416,988	708,233	0	0	0	1,125,221
Claims paid to outsiders	0	0	0	(185,544)	0	(185,544)
Other receipts (payments)	224	0	104	0	76,534	76,862
Net cash provided (used) by operating activities	12,330	40,129	717	(35,618)	(7,841)	9,717
Cash flows from noncapital financing activities:						
Operating subsidies and transfers to other funds	(3,654)	(17,765)				(21,419)
Operating subsidies and transfers from other funds	0	0	0	35,000	0	35,000
Proceeds (payments) from/to interfund accounts	(522)	17,281	(717)	618	7,841	24,501
Net cash provided (used) by noncapital financing activities	(4,176)	(484)	(717)	35,618	7,841	38,082
Cash flows from capital and related financing activities:						
Proceeds from sale of refunding bonds	110,675	537,692	0	0	0	648,367
Payment to refunding bond escrow agent	(110,675)	(537,692)	0	0	0	(648,367)
Principal paid on Capital Debt	(4,071)	(19,795)	0	0	0	(23,866)
Interest paid on capital debt	(4,083)	(19,850)	0	0	0	(23,933)
Net cash provided (used) by capital and related financing activities	(8,154)	(39,645)	0	0	0	(47,799)
Net increase (decrease) in cash and cash equivalents	0	0	0	0	0	0
Balances - beginning of year	0	0	0	0	0	0
Balances - end of year	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	$ (8,523)	$ 23,445	$ (335)	$ (7,206)	$ (348)	$ 7,033
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	12,275	24,429	402	0	0	37,106
Changes in assets and liabilities:						
Receivables, net	2,290	(5,424)	(2,589)	0	0	(5,723)
Inventories	0	(11,141)	0	0	0	(11,141)
Prepaid contracts	(186)	282	0	0	0	96
Accounts and other payables	6,474	8,538	3,239	(28,412)	(7,493)	(17,654)
Net cash provided (used) by operating activities	$ 12,330	$ 40,129	$ 717	$ (35,618)	$ (7,841)	$ 9,717


William L. Ell

City of Burlington
Change in Fund Balance-Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues:										
Property taxes	$ 9,585,099	$ 9,706,907	$ 9,240,703	$ 8,592,113	$ 8,245,018	$ 8,084,821	$ 7,725,447	$ 8,239,768	$ 7,441,234	$ 6,843,666
Other taxes and assessments	4,685,584	4,427,377	4,182,801	4,305,038	4,327,020	4,200,721	4,133,368	4,092,860	3,821,907	3,568,170
Licenses and permits	310,543	324,326	260,275	219,816	344,680	319,302	280,331	309,382	332,186	305,561
Fines and forfeitures	108,916	92,629	92,958	102,293	74,210	65,124	70,124	106,877	106,975	108,441
Intergovernmental	4,805,047	5,720,967	2,989,316	3,593,726	6,331,877	5,977,967	6,150,263	5,928,833	5,402,384	6,305,491
Charges for services	1,517,622	1,488,086	1,425,570	1,465,067	1,202,008	1,043,001	888,879	865,368	825,050	630,711
Use of money and property	329,962	303,075	308,962	310,965	294,826	342,508	484,404	496,494	512,779	394,813
Other	1,127,200	1,016,001	578,515	1,621,280	1,387,975	960,983	443,481	578,145	1,997,205	605,613
Total revenues	22,469,973	23,079,368	19,079,100	20,210,298	22,207,614	20,994,427	20,176,297	20,617,727	20,439,720	18,762,466
Expenditures:										
Current operating:										
Public Safety	8,515,122	8,431,159	7,990,261	7,550,767	7,364,258					
Culture and Recreation	3,443,628	3,281,080	3,234,453	3,098,643	3,284,973					
Public Works	3,626,934	3,836,492	3,454,777	3,329,587	3,285,576					
Community and Economic Development	303,682	315,418	231,124	524,932	703,826					
Health and Social Services	3,470	1,027	2,052	1,481	3,014					
General Government	1,242,467	1,184,274	1,285,467	1,138,810	1,253,311					
Debt service:										
Principal	2,357,602	2,225,094	2,024,600	2,041,615	2,281,128					
Interest and other charges	1,183,286	1,139,196	1,014,855	1,036,722	1,097,877					
Capital outlay	6,641,559	7,312,284	4,278,342	3,419,463	7,918,756					
Total expenditures	27,317,750	27,726,024	23,515,931	22,142,020	27,192,719	25,424,455	28,152,827	23,626,996	27,923,345	27,846,336
Excess (deficiency) of revenues over (under) expenditures	(4,847,777)	(4,646,656)	(4,436,831)	(1,931,722)	(4,985,105)	(4,430,028)	(7,976,530)	(3,009,269)	(7,483,625)	(9,083,870)
Other financing sources (uses):										
Proceeds from general obligation bonds net of bond discount	6,454,800	4,937,507	2,925,000	1,827,613	2,203,250	7,272,139	0	5,275,227	6,069,261	$ 5,993,023
Transfers in	8,152,912	7,131,640	6,998,729	6,797,721	6,591,101	6,886,569	7,474,388	8,298,081	7,193,561	8,084,877
Transfers out	(7,670,366)	(6,631,828)	(6,531,856)	(6,453,829)	(6,116,347)	(6,322,345)	(6,931,919)	(5,770,225)	(6,442,461)	(7,492,568)
Total other financing sources and uses	6,937,346	5,437,319	3,391,873	2,171,505	2,678,004	7,836,363	542,469	7,803,083	6,820,361	6,585,332
Net change in fund balance	2,089,569	790,663	(1,044,958)	239,783	(2,307,101)	3,406,335	(7,434,061)	4,793,814	(663,264)	(2,498,538)
Debt service as a percentage of noncapital expenditures	17.13%	16.48%	15.80%	16.44%	17.53%					

Note: Fiscal Year 2003 was the first year the City reporting utilizing the nine functions. Prior to that time the City reported utilizing four program areas required by the State of Iowa. Therefore data is not available on a comparable basis for the prior fiscal years.

City of Burlington, Iowa
Governmental Funds Fund Balance
Last Ten Fiscal Years

Fund	Fiscal Year End June 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General										
Reserved for Encumbrances	$ 31,345	$ 54,657	$ 11,641	$ 53,548	$ 63,570	$ 70,258	$ 141,627	$ 222,464	$ 79,479	$ 35,601
Unreserved	$ 857,630	$ 878,067	$ 894,764	$ 1,017,109	$ 1,264,231	$ 1,110,327	$ 1,090,433	$ 1,020,274	$ 1,158,874	$ 1,302,440
Total General Fund	$ 888,975	$ 932,724	$ 906,405	$ 1,070,657	$ 1,327,801	$ 1,180,585	$ 1,232,060	$ 1,242,738	$ 1,238,353	$ 1,338,041
All Other Governmental Funds										
Reserved for Encumbrances	$ 17,602	$ 75,560	$ 9,884	$ 86,053	$ 70,154	$ 312,433	$ 339,901	$ 100,503	$ 107,410	$ 306,940
Unreserved In:										
Debt service Fund	$ 59,911	$ (169,158)	$ (166,201)	$ (140,249)	$ 1,264,231	$ (49,989)	$ (26,361)	$ 14,988	$ 22,361	$ 32,394
Special revenue funds	$ 706,657	$ 570,711	$ 617,232	$ 764,755	$ (431,833)	$ 91,834	$ 554,577	$ 1,939,909	$ 2,280,949	$ 2,805,469
Capital Projects Funds	$ 1,442,283	$ (383,977)	$ (1,132,112)	$ (322,393)	$ (1,521,170)	$ 1,798,903	$ (1,845,014)	$ 4,080,186	$ (972,997)	$ (1,222,638)
Total All Other Governmental Funds	$ 2,226,453	$ 93,136	$ (671,197)	$ 388,166	$ (618,618)	$ 2,153,181	$ (976,897)	$ 6,135,586	$ 1,437,723	$ 1,922,165
Total All Governmental Funds	$ 3,115,428	$ 1,025,860	$ 235,208	$ 1,458,823	$ 709,183	$ 3,333,766	$ 255,163	$ 7,378,324	$ 2,676,076	$ 3,260,206

City of Burlington, Iowa
Change in Net Asstes
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30								
	2007	2006	2005	2004	2003	2002	2001	2000	1999
Expenses									
Governmental activities:									
General government	$ 1,525,097	$ 1,466,664	$ 1,468,785	$ 1,221,354	$ 1,289,403	$ 1,505,665	$ 1,525,069		
Culture and Recreation	4,004,287	3,552,327	3,560,012	3,402,667	3,337,826	3,529,828	3,633,448		
Public Safety	9,405,488	9,383,857	8,622,916	8,242,972	7,567,778	7,788,449	7,362,565		
Community and Econ. Development	307,679	321,534	304,048	716,776	712,066		-		
Health and Social Services	3,470	1,027	2,052	1,481	3,014		-		
Capital Projects	3,674,836	4,767,471	3,433,235	882,424	2,380,881		-		
Public works	6,214,676	6,155,706	5,504,824	5,471,958	4,544,594	5,697,532	5,050,400		
Interest on long-term debt	1,457,941	1,180,074	1,059,329	1,071,062	1,127,628	971,490	934,088		
Total governmental activities expenses	26,593,474	26,828,660	23,955,201	21,010,694	20,963,190	19,492,964	18,505,570		
Business-type activites:									
Sewer	4,194,161	4,196,415	4,072,268	3,887,074	3,608,945	3,453,093	3,364,465		
Solid waste	1,111,637	1,102,774	1,188,290	1,088,093	1,079,827	1,045,151	1,051,366		
Recplex	595,717	527,352	520,097	508,042	478,823	440,750	446,055		
Parking	164,361	143,453	137,152	134,993	144,608	138,438	170,939		
Flint Hills golf course	480,494	500,965	536,944	534,187	489,245	505,722	482,186		
Total business-type activities expenses	6,546,370	6,470,959	6,454,751	6,152,389	5,801,448	5,583,154	5,515,011		
Total primary government expenses	$ 33,139,844	$ 33,299,619	$ 30,409,952	$ 27,163,083	$ 26,764,638	$ 25,076,118	$ 24,020,581		
Program Revenues									
Governmental activities:									
Charges for services									
General government	$ 171,294	$ 125,216	$ -	$ -	$ 27,629	$ 84,375	$ 114,437		
Culture and recreation	142,746	164,952	346,628	39,513	48,417	493,052	473,598		
Public Safety	1,096,761	1,082,990	771,955	927,148	662,600	723,762	752,197		
Community and Econ. Development	0	925	9,429	0	0				
Public works	1,883,189	1,788,023	1,563,778	1,510,916	1,422,352	730,482	496,600		
Operating Grants and Contributions	2,832,876	2,740,265	2,476,106	2,904,168	2,241,392	3,208,715	2,918,127		
Capital grants and contributions	4,539,926	7,058,709	5,915,051	4,290,517	2,364,284	1,696,767	2,218,221		
Total governmental activities program revenue	$ 10,666,792	$ 12,961,080	$ 11,082,947	$ 9,672,262	$ 6,766,674	$ 6,937,153	$ 6,973,180		
Business type activities:									
Charges for services:									
Sewer	$ 3,790,159	$ 3,282,090	$ 3,096,581	$ 3,016,446	$ 2,839,264	$ 2,787,391	$ 2,742,991		
Solid Waste	1,146,690	1,114,072	1,127,757	1,048,070	1,064,666	1,061,372	1,050,830		
Recplex	123,916	83,818	81,097	80,793	81,462	61,726	59,590		
Parking	36,573	39,163	36,076	36,778	36,065	38,117	46,284		
Flint Hills golf course	200,303	207,782	209,340	197,677	186,944	146,822	217,299		
Capital grants and contributions	292,049	275,206	727,233	3,066,811	251,724	495,736	2,633,939		
Total business type activities program revenues	$ 5,589,690	$ 5,002,131	$ 5,278,084	$ 7,446,575	$ 4,460,125	$ 4,591,164	$ 6,750,933		
Total primary government program revenues.	$ 16,256,482	$ 17,963,211	$ 16,361,031	$ 17,118,837	$ 11,226,799	$ 11,528,317	$ 13,724,113		
Net (expense)/revenues									
Governmental Activities	$(15,926,682)	$(13,867,580)	$(12,872,254)	$(11,338,432)	$(14,196,516)	$(12,555,811)	$(11,532,390)		
Business-type activities	(956,680)	(1,468,828)	(1,176,667)	1,294,186	(1,341,323)	(991,990)	1,235,922		

Total primary government net expense	$(16,883,362)	$(15,336,408)	$(14,048,921)	$(10,044,246)	$(15,537,839)	$(13,547,801)	$(10,296,468)
General Revenues and Other Change in Net Assets							
Governmental activities:							
Taxes							
Property taxes	$ 9,603,728	$ 9,707,204	$ 9,256,709	$ 8,592,113	$ 8,348,421	$ 8,196,118	$ 7,740,374
Other city taxes	4,931,632	4,427,377	4,028,019	4,305,038	4,327,020	4,200,721	4,044,360
Unrestricted grants and contributions	116,944	1,460	10,451	229,926	1,373,206	1,072,319	1,009,708
Interest	24,897	22,421	11,482	21,848	76,842	43,252	243,076
Other	1,908,950	1,652,584	2,023,883	2,997,518	2,090,737	152,727	0
Gain(loss) on disposal of capital assets	0	0	(17,112)	34,389	0	0	0
Transfers	496,126	507,686	483,675	351,421	492,649	628,500	577,469
Total Governmental revenues and transfers	$ 17,082,277	$ 16,318,732	$ 15,797,107	$ 16,532,253	$ 16,708,875	$ 14,293,637	$ 13,614,987
Business-type activities							
Interest	$ 13,322	$ 11,873	$ 7,374	$ 15,333	$ 51,578	$ 84,702	$ 238,734
Other	562,264	642,027	584,702	539,929	509,260	419,646	476,822
Gain(loss) on disposal of capital assets	-	(13,743)	-	66,852	-	-	-
Transfers	(496,126)	(507,686)	(483,675)	(351,421)	(492,649)	(628,500)	(577,469)
Total business-type activities	$ 79,460	$ 132,471	$ 108,401	$ 270,693	$ 68,189	$ (124,152)	$ 138,087
Total Primary Government	$ 17,161,737	$ 16,451,203	$ 15,905,508	$ 16,802,946	$ 16,777,064	$ 14,169,485	$ 13,753,074
Change in Net Assets							
Governmental activities	$ 1,155,595	$ 2,451,152	$ 2,924,853	$ 5,193,821	$ 2,512,359	$ 1,737,826	$ 2,082,597
Business-type activities	(877,220)	(1,336,356)	(1,068,266)	1,564,879	(1,273,134)	(1,116,142)	1,374,009
Total primary government	$ 278,375	$ 1,114,796	$ 1,856,587	$ 6,758,700	$ 1,239,225	$ 621,684	$ 3,456,606

Note: Fiscal Year 2001 is the first year for which the City reported in compliance with GASB 34, as a result comparable data is not available for the prior fiscal years.

City of Burlington
Primary Government Net Assets
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Activity	Fiscal Year Ended June 30 2007	2006	2005	2004	2003	2002	2001	2000	1999
Governmental Activities									
Invested in Capital Assets, net of related debt	$ 32,087,346	$ 26,242,817	$ 24,457,107	$ 6,252,498	$ 14,285,994	$ 15,732,527	$ 16,672,995		
Restricted	644,761	498,028	394,133	699,833	(253,347)	240,786	779,646		
Unrestricted	(5,716,176)	(880,509)	(1,442,056)	(542,790)	(12,816,927)	(17,269,952)	(18,535,959)		
Total governmental activities net assets	$ 27,015,931	$ 25,860,336	$ 23,409,184	$ 6,409,541	$ 1,215,720	$ (1,296,639)	$ (1,083,318)		
Business Type Activities									
Invested in Capital Assets, net of related debt	$ 25,375,875	$ 26,089,607	$ 27,046,807	$25,770,720	$ 24,537,333	$23,935,627	$ 23,945,260		
Restricted	501,000	541,760	541,760	541,760	541,760	541,760	385,000		
Unrestricted	(1,603,052)	(1,480,324)	(1,101,168)	1,259,248	911,693	2,789,199	2,101,322		
Total business type activities net assets	$ 24,273,823	$ 25,151,043	$ 26,487,399	$27,571,728	$ 25,990,786	$27,266,586	$ 26,431,582		
Primary Government									
Invested in Capital Assets, net of related debt	$ 57,463,221	$ 52,332,424	$ 51,503,914	$32,023,218	$ 38,823,327	$39,668,154	$ 40,618,255		
Restricted	1,145,761	1,039,788	935,893	1,241,593	288,413	782,546	1,164,646	0	0
Unrestricted	(7,319,228)	(2,360,833)	(2,543,224)	716,458	(11,905,234)	(14,480,753)	(16,434,637)		
Total primary government net assets	$ 51,289,754	$ 51,011,379	$ 49,896,583	$33,981,269	$ 27,206,506	$25,969,947	$ 25,348,264		

Note: Fiscal Year 2001 is the first year for which the City reported in compliance with GASB 34, as a result comparable data is not available for the prior fiscal years.

City of Burlington, Iowa
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full-Time Equivalent Employees as of June 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government										
Executive Administration	3	3	3	3	3	3	3	3	3	3
Finance	6	6	6	6.4	6.6	6.5	6.5	6.5	5.5	5.5
City Clerk	2	2	2	2	2	2.4	2.4	2.4	2.4	2.4
Public Safety										
Police Officers	42	42	42	42	44	44	44	44	44	44
Firefigthers and Officers	46	46	46	46	49	49	49	49	49	49
Civilian Employees	16.5	16.5	16.5	16.5	17.25	18	17.25	18.25	18.25	18.25
Building Code	5.25	5.25	4	4	4	4	4	4	4	4
Public Works										
Administration/Engineering	8.8	8.8	8.8	8.8	9.75	9.75	9.75	9.75	8.75	8.75
Streets	15.55	15.55	15.55	16.55	17.5	17.5	18.3	18.3	19.1	18.3
Property Maintenance	5	5	5	5	5	5	5	5	5	5
Vehicle Maintenance	4	4	4	4	4	4	5	5	5	5
Transit	9	9	9	9	9	9	9	9	9	9
Other	5.2	5.2	5.2	5.2	5.4	5.4	5.4	5.4	5.4	5.4
Culture and Recreation										
Parks	13.1	13.1	13.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1
Recreation/Pool	3.25	3.25	3.25	3.25	3.25	4.95	4.95	4.95	4.95	4.95
Library	20.27	20.27	20.27	20.27	21.27	21.27	21.27	21.27	21.27	21.27
Community and Economic Development	4	4	4	5	5.8	5.8	6	6	6	6
Business Type Activities										
Sewer	23.8	24.8	25.8	25.8	26.3	26.3	25.55	25.55	24.75	24.75
Solid Waste	7.75	7.75	8	8	8	8	8	8	8	8
Parking	1.15	1.15	1.15	1.15	1.15	1.15	2.75	2.75	2.75	2.75
Flint Hills Golf	6.15	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.05	6.12
RecPlex	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	1	0
Total	257.02	258.27	258.27	261.67	272.02	274.77	276.87	277.87	267.27	265.54

Information obtained from City of Burlington Budgets.
Full-time equivalent employment is calculated by dividing total part-time and temporary labor hours available by 2080.

City of Burlington, Iowa

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Property Taxes Collected	Delinquent Property Tax Collections	Total Property Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
1998	6,711,884	6,832,866	101.80%	10,800	6,843,666	101.96%
1999	6,813,391	6,868,641	100.81%	6,352	6,874,993	100.90%
2000	7,357,016	7,360,147	100.04%	6,374	7,366,521	100.13%
2001	6,850,813	6,834,547	99.76%	5,323	6,839,870	99.84%
2002	7,109,690	7,020,999	98.75%	67,370	7,088,369	99.70%
2003	7,414,455	7,274,017	98.11%	3,203	7,277,220	98.15%
2004	7,511,062	7,536,167	100.33%	87,211	7,623,378	101.50%
2005	8,018,819	7,998,364	99.74%	4,124	8,002,488	99.80%
2006	8,381,044	8,394,700	100.16%	(102)	8,394,598	100.16%
2007	8,307,683	8,291,334	99.80%	5,329	8,296,663	99.87%

City of Burlington, Iowa

Property Tax Rates - All Direct and Overlapping Governments
Per $1,000 Assessed Valuation
Last Ten Fiscal Years

	City Direct Rates				Overlapping Rates*			
		City of Burlington						
Fiscal Year	General Fund	Debt Service	Other Levies	Total	Burlington School District Levy	Des Moines County Levies	Total Levy	Percent of City of Burlington Levy to Total Levy
1998	8.1000	1.5415	2.4911	12.1326	15.6457	7.2749	35.0533	34.61%
1999	8.1000	1.9680	2.0666	12.1346	15.1878	7.2478	34.5702	35.10%
2000	8.1000	2.2633	1.9182	12.2815	14.4788	7.3314	34.0917	36.02%
2001	8.1000	2.2233	2.0933	12.4166	14.5734	8.1427	35.1328	35.34%
2002	8.1000	2.3430	2.3741	12.8171	14.5401	8.1577	35.5149	36.09%
2003	8.1000	2.5711	2.4637	13.1348	14.2585	8.8979	36.2912	36.19%
2004	8.1000	2.9096	2.2745	13.2841	14.1205	8.8183	36.2229	36.67%
2005	8.1000	2.7048	3.4276	14.2324	15.5650	10.1901	39.9875	35.59%
2006	8.1000	2.6825	3.9735	14.7560	16.5145	10.2681	41.5387	35.52%
2007	8.1000	2.7343	4.0594	14.8937	16.7898	9.7491	41.4326	35.95%

Source: Des Moines County Auditor's Office

Note: The General Fund Levy is established by State Code and may only be exceeded by a vote of the people. The City is allowed to levy for specific items outside of the $8.10 limit. Some of those levies may be levied upon approval of the City Council, others require a vote of the publlic.

* Overlapping rates are those of the Burlington Community School District and Des Moines County, which are paid by citizens of Burlington.

City of Burlington, Iowa

General Governmental Revenues by Source (1)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Tax Increment Revenues	Local Option Sales Tax	Hotel/Motel Tax	Total All Taxes
1998	6,679,983	163,683	2,913,288	342,316	10,099,270
1999	6,874,994	566,240	3,126,066	323,925	10,891,225
2000	7,366,774	872,994	3,325,460	346,385	11,911,613
2001	6,831,926	893,521	3,074,705	333,304	11,133,456
2002	7,195,145	889,676	3,089,753	373,400	11,547,974
2003	7,371,721	873,297	3,117,731	341,364	11,704,113
2004	7,624,027	968,086	3,356,044	352,669	12,300,826
2005	8,026,705	1,231,998	2,993,058	335,145	12,586,906
2006	8,394,598	1,312,309	3,207,906	404,495	13,319,308
2007	8,296,663	1,288,436	3,492,988	496,684	13,574,771

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

City of Burlington, Iowa

Ratio of Net General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Population (1)	Taxable Valuation	Gross General Obligation Bonded Debt	Less Debt Service Fund	Debt Payable from Proprietary Funds	Debt Payable from TIF Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Valuation	Net Bonded Debt Per Capita
1998	27,209	548,816,222	11,450,000	32,394	618,064	4,598,573	6,200,969	1.1299%	227.90
1999	27,209	577,136,246	16,070,000	22,361	637,245	6,711,900	8,698,494	1.5072%	319.69
2000	27,209	619,118,958	21,690,000	14,988	2,689,029	6,272,615	12,713,368	2.0535%	467.25
2001	26,839	600,149,369	19,810,000	(26,361)	2,591,057	4,520,000	12,725,304	2.1204%	474.13
2002	26,839	607,089,577	25,080,000	(49,986)	2,514,243	3,910,000	18,705,743	3.0812%	696.96
2003	26,839	513,521,138	24,980,000	1,595,430	1,499,646	3,434,334	18,450,590	3.5930%	687.45
2004	26,839	614,933,466	29,585,000	(152,490)	6,860,010	5,386,238	17,491,242	2.8444%	651.71
2005	26,839	613,759,958	30,520,000	(166,201)	6,185,562	4,771,091	19,729,548	3.2145%	735.11
2006	26,839	615,605,679	33,286,238	(169,158)	6,137,296	3,816,141	23,501,959	3.8177%	875.66
2007	26,839	604,195,219	31,256,055	59,911	6,078,679	3,040,000	22,077,465	3.6540%	822.59

(1) Source: U.S. Census Bureau.

City of Burlington, Iowa

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

		General Government			Business Type Activities				
Fiscal Year	Population (1)	General Obligation Bonds	Notes Payable	Urban Renewal Revenue	General Obligation Bonds	Sewer Revenue Bonds	Leases Payable	Total Primary Government	Debt Per Capita
1998	27,209	10,831,936	0	0	618,064	735,000	0	12,185,000	447.83
1999	27,209	15,432,755	0	0	637,245	3,570,000	0	19,640,000	721.82
2000	27,209	19,000,971	372,000	0	1,890,029	3,345,000	0	24,608,000	904.41
2001	26,839	18,017,942	334,800	0	1,792,058	3,110,000	0	23,254,800	866.46
2002	26,839	23,356,026	297,600	0	1,723,974	3,965,000	0	29,342,600	1,093.28
2003	26,839	23,269,976	260,400	0	1,650,024	3,645,000	0	28,825,400	1,074.01
2004	26,839	23,349,644	223,200	0	6,233,516	3,310,000	30,255	33,146,615	1,235.02
2005	26,839	24,334,438	268,085	0	6,185,562	2,955,000	15,543	33,758,628	1,257.82
2006	26,839	27,135,916	227,043	0	6,150,322	2,585,000	0	36,098,281	1,344.99
2007	26,839	25,177,377	148,800	6,520,000	6,078,679	2,195,000	0	40,119,856	1,494.83

(1) Source: U.S. Census Bureau.

City of Burlington, Iowa

Computation of Direct and Overlapping Bonded Debt
June 30, 2007

	Net General Bonded Debt June 30, 2007		Percent Applicable to City	Direct and Overlapping Bonded Debt
City of Burlington	$ 22,137,377	(1)	100.0000%	$ 22,137,377
Great River Area Education Agency	1,900,000		20.7600%	394,440
Southeastern Community College	10,210,000		20.7600%	2,119,596
West Burlington Community School District	2,495,000		14.0300%	350,049
Des Moines County	3,810,000		50.9600%	1,941,576
Burlington Community School District	0		79.5000%	0
Total direct and overlapping bonded debt	$ 40,552,377			$ 26,943,038

(1) Excludes general obligation bonds reported in proprietary funds and general obligation bonds payable from TIF revenues.

Note: The percent applicable is calculated based upon the amount of assessed valuation within the city limits of Burlington as a percent of that entity's total assessed valuation. The assessed valuation utilized is provided by the Des Moines County Assessor's Office.

City of Burlington, Iowa

Computation Of Legal Debt Margin
June 30, 2007

Total assessed valuation as of January 1, 2005	$ 979,881,851
Debt limit - 5% of assessed valuation	$ 48,994,093
Amount of debt applicable to limit:	
General obligation bonds	$ 31,256,055
Note from Grow Greater Burlington	$ 148,800
Total Applicable to Limit	$ 31,404,855
Legal debt margin	$ 17,589,238
Percent of debt limit	35.90%

City of Burlington, Iowa
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Debt Limit	$48,994,093	$47,843,644	$47,439,779	$46,228,135	$45,943,849	$42,325,552	$42,378,712	$42,950,868	$40,979,973	$37,405,138
Total Net Debt Applicable to Limit	$31,404,855	$33,472,238	$30,706,000	$29,808,200	$25,180,400	$25,080,000	$20,144,800	$21,690,000	$16,070,000	$11,450,000
Legal Debt Margin	$17,589,238	$14,371,406	$16,733,779	$16,419,935	$20,763,449	$17,245,552	$22,233,912	$21,260,868	$24,909,973	$25,955,138
Total net debt applicable to the limit as a percentage of debt limit	64.10%	69.96%	64.73%	64.48%	54.81%	59.25%	47.54%	50.50%	39.21%	30.61%

City of Burlington, Iowa

Revenue Bond Coverage
Sewer Fund
Last Eight Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Maximum Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2000	3,010,517	2,214,012	796,505	310,000	80,643	390,643	2.039
2001	3,037,540	2,368,175	669,365	310,000	80,643	390,643	1.713
2002	2,926,996	2,404,248	522,748	390,000	117,608	507,608	1.030
2003	2,960,478	2,518,196	442,282	390,000	117,608	507,608	0.871
2004	3,071,163	2,457,700	613,463	390,000	117,608	507,608	1.209
2005	3,181,296	2,513,876	667,420	390,000	117,608	507,608	1.315
2006	3,416,009	2,524,771	891,238	390,000	117,608	507,608	1.756
2007	3,807,777	2,552,565	1,255,212	370,000	100,273	470,273	2.669

(1) Total revenues (including interest) exclusive of tap fees.
(2) Total operating expenses exclusive of depreciation.
(3) Includes principal and interest of revenue bonds only.

City of Burlington, Iowa

Actual and Taxable Valuation
Last Ten Fiscal Years

Actual Valuation

As of January 1:	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Residential	$661,281,405	$648,201,598	$638,948,275	$627,881,056	$623,912,452	$547,438,007	$543,451,881	$544,901,733	$528,618,110	$484,038,828
Agricultural land	1,619,367	1,397,977	1,367,127	1,975,080	2,229,005	2,075,291	2,122,602	1,638,657	2,020,046	1,466,919
Agricultural buildings	103,780	108,460	108,040	107,625	112,502	116,293	116,293	119,012	214,267	156,212
Commercial	192,116,644	191,298,473	183,565,011	172,873,480	169,054,432	166,845,453	162,042,544	161,191,613	150,511,036	133,939,538
Industrial	52,276,172	52,400,469	57,267,613	55,639,205	55,891,772	55,823,330	55,427,861	51,432,711	50,345,325	50,314,349
Personal/Real estate	0	0	0	0	6,876,354	16,486,325	27,442,798	38,817,188	40,712,170	43,280,529
Railroad	1,792,442	1,516,071	1,682,459	1,985,670	2,059,156	2,234,422	2,264,025	1,988,411	0	0
Utilities	5,149,950	4,782,920	4,488,137	5,297,421	4,885,266	4,383,530	4,318,077	33,509,659	34,901,815	32,964,431
Utility Reimburse	34,912,231	22,188,694	24,924,177	28,996,535	27,966,227	27,085,086	26,824,733	0	0	0
Other	0	0	0	0	506,300	0	0	0	0	0
Gross valuation	$949,251,991	$921,894,662	$912,350,839	$894,756,072	$893,493,466	$822,487,737	$824,010,814	$833,598,984	$807,322,769	$746,160,806
Less: Military exemption	3838452	-	-	-	4,519,996	4,592,196	4,707,946	4,579,996	4,665,188	4,736,490
Net valuation	$945,413,539	$921,894,662	$912,350,839	$894,756,072	$888,973,470	$817,895,541	$819,302,868	$829,018,988	$802,657,581	$741,424,316
Incremental value	34,468,312	34,978,222	36,444,742	29,806,623	29,903,510	28,615,501	28,271,364	29,998,368	16,941,882	6,678,436
Actual valuation	$979,881,851	$956,872,884	$948,795,581	$924,562,695	$918,876,980	$846,511,042	$847,574,232	$859,017,356	$819,599,463	$748,102,752
Percent change	2.405%	0.851%	2.621%	0.619%	8.549%	-0.125%	-1.332%	4.809%	9.557%	#REF!

Taxable Valuation

As of January 1:	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Residential	$300,555,797	$310,904,711	$309,607,498	$322,651,750	$322,360,590	$308,016,542	$298,096,943	$305,003,335	$290,258,918	$284,752,298
Agricultural land	1,619,367	1,397,977	1,367,127	1,975,080	2,229,005	2,075,291	2,044,874	1,638,657	1,937,284	1,466,919
Agricultural buildings	103,780	108,040	108,040	107,625	112,502	116,293	112,034	119,012	206,597	156,212
Commercial	190,280,895	191,298,473	182,201,123	172,873,480	165,296,369	166,845,453	160,054,606	161,191,613	146,538,448	133,939,538
Industrial	52,276,172	52,400,469	57,267,613	55,639,205	55,891,772	55,823,330	55,427,861	51,432,711	50,345,325	50,314,349
Personal/Real estate	0	0	0	0	6,876,354	16,486,325	27,442,798	38,817,188	40,712,170	43,280,529
Railroad	1,777,223	1,516,071	1,669,958	1,985,670	2,013,239	2,234,422	2,264,025	1,988,411	0	0
Utilities	5,142,950	4,782,920	4,488,137	5,297,421	4,885,266	4,383,530	4,318,077	33,509,659	34,860,810	32,964,431
Utility Reimburse	21,809,175	22,188,694	24,924,177	28,996,535	27,966,227	27,085,086	26,824,733	0	0	0
Other	0	0	0	0	506,300	0	0	0	0	0
Gross valuation	$573,565,359	$584,597,355	$581,633,673	$589,526,766	$588,137,624	$583,066,272	$576,585,951	$593,700,586	$564,859,552	$546,874,276
Less: Military exemption	3827340	3,969,898	4,318,457	4,399,923	4,519,996	4,592,196	4,707,946	4,579,996	4,665,188	4,736,490
Net valuation	$569,738,019	$580,627,457	$577,315,216	$585,126,843	$583,617,628	$578,474,076	$571,878,005	$589,120,590	$560,194,364	$542,137,786
Incremental value	34457200	34,978,222	36,444,742	29,806,623	29,903,510	28,615,501	28,271,364	29,998,368	16,941,882	6,678,436
Taxable valuation	$604,195,219	$615,605,679	$613,759,958	$614,933,466	$613,521,138	$607,089,577	$600,149,369	$619,118,958	$577,136,246	$548,816,222
Percent change	-1.854%	0.301%	-0.191%	0.230%	1.059%	1.156%	-3.064%	7.274%	5.160%	#REF!
Total Direct Tax Rate	$ 14.8937	$ 14.7560	$ 14.2324	$ 13.2841	$ 13.1348	$ 12.8171	$ 12.4166	$ 12.2815	$ 12.1346	$ 12.1326
Taxable Valuation as a percentage of Actual Valuation	61.66%	64.34%	64.69%	66.51%	66.77%	71.72%	70.81%	72.07%	70.42%	73.36%

Note: Property in Des Moines County is assessed by the Des Moines County Assessors Office. By law property is assessed at it's market value(Actual Valuation). Annually, the Iowa Department of Revenue issues rollback orders to be applied to Actual Valuation to determine taxable valuation. The rollback is intended to keep the Property tax burden from shifting between residential and agricultural property owners.

City of Burlington, Iowa

Principal Taxpayers
Current Year and Ten Years Prior

	2007			1997		
Taxpayer	January 1, 2006 Taxable Valuation	Rank	Percent of Total Taxable Value	January 1, 1996 Taxable Valuation	Rank	Percent of Total Taxable Value
Interstae Power and Light	$20,925,681	1	3.46%	$27,480,223	2	5.03%
FunCity LLC	$17,406,778	2	2.88%			
Case New Holland (CNH)	13,771,100	3	2.28%	29,550,776	1	5.41%
Federal Mogul Company	6,000,000	6	0.99%			
Burlington Area Hotel	6,500,000	5	1.08%			
Winegard Company				9,078,705	4	1.66%
Lowe's Company Inc #57	5,942,900	7	0.98%			
Vista Bakery	7,198,400	4	1.19%	10,246,069	3	1.88%
Qwest Communications				4,215,915	8	0.77%
DR Steam LLC	4,669,400	10	0.77%			
Aldi Inc	5,590,800	8	0.93%			
Hy-Vee	4,677,600	9	0.77%			
Exide Corporation				6,575,667	5	1.20%
Aldi Inc				6,216,285	6	1.14%
PPG Industries				6,150,346	7	1.13%
Burlington Plaza West				3,984,525	9	0.73%
Chittenden and Eastman				3,652,645	10	0.67%
	$ 92,682,659		15.34%	$ 107,151,156		19.62%

City of Burlington, Iowa

Major Area Employers

Current and Ten Years Ago

2007		1997	
Name	Approximate Number of Employees	Name	Approximate Number of Employees
Aldi, Incorporated	100-200	Aldi, Inc	200-500
Alfagomma	50-100		
American Ordinance	500-1000	Mason and Hangar, Silas Mason and Co	Over 1,000
Antennacraft, Division of RadioShack Corporation	50-100	Antennacraft, Division of RadioShack Corporation	200-500
Borghi International	50-100		
Burlington Basket Company	100-200	Burlington Basket Company	100-200
Burlington Northern Santa Fe, Inc.	Under 100	Burlington Northern Santa Fe, Inc.	200-500
Case New Holland	200-500	Case Corporation	500-1000
Cobo International	50-100		
Champion Spark Plug, Division of Federal Mogul	500-1,000	Champion Spark Plug	500-1,000
CSI Employment	200-500	CSI Employment	200-500
Diamond Vogel Paint Company	50-100	Diamond Vogel Paint Company	50-100
ESCP Corportation	50-100		
Flint Cliffs Mfg.	50-100	Flint Cliffs Mfg.	50-100
General Electric Company	500-1,000	General Electric	500-1,000
Great River Ethanol	50-100		
Great River Medical Center	Over 1,000	Burlington Medical Center	Over 1,000
Hawk Eye, The	100-200	Hawk Eye, The	100-200
Hawkeye Concrete Products	100-200	Hawkeye Concrete Products	100-200
Lamont Limited	200-500	Lamont Limited	200-500
Modern Welding Company	50-100	Modern Welding Company	50-100
P.P.G. Industries	50-100	P.P.G. Industries	50-100
Precision Resistive Products	50-100		
Raider Precast Concrete	200-500	Raider Precast Concrete	100-200
Ron Weber & Associates	50-100		
Sterzing Food Company	50-100	Sterzing Food Company	50-100
Tuthill Corporation, Murray Turbo Division	100-200	Tuthill Corporation, Murray Turbo Division	100-200
U.S. Gypsum Company	200-500	U.S. Gypsum Company	100-200
Vista Bakery	500-1,000	Vista Bakery	200-500
Wal-Mart Stores	200-500	Wal-Mart Stores	200-500
Winegard Company	200-500	Winegard Company	200-500
		Exide Corporation	200-500
		Eastman House	100-200
		Conifer Corporation	Under 100

City of Burlington, Iowa

Historical Economic Data
Last Ten Years

Employment			Retail Sales (3)			Buliding Permits			Banking (3)	
Calendar Year	Population (1)	Unemployment Rate (2)	Year Ended 3/31	Retail Permits	Retail Sales	Fiscal Year	Number of Permits Issued	Dollar Value of Permits Issued	Calendar Year	Combined Deposits
1995	27,209	5.2%	1995	857	272,276,940	1996	915	18,776,784	1996	328,285,000
1996	27,209	4.9%	1996	863	275,478,106	1997	822	14,992,629	1997	347,337,000
1997	27,209	3.6%	1997	846	282,766,323	1998	769	18,458,064	1998	356,288,000
1998	27,209	3.4%	1998	843	259,558,335	1999	712	14,044,333	1999	354,163,000
1999	27,209	4.1%	1999	836	269,407,908	2000	697	8,285,573	2000	361,044,000
2000	26,839	4.5%	2000	831	270,701,424	2001	795	24,293,373	2001	381,794,000
2001	26,839	5.7%	2001	807	266,956,374	2002	644	18,244,317	2002	464,494,000
2002	26,839	5.9%	2002	793	253,673,761	2003	223	23,637,000	2003	468,713,000
2003	26,839	6.7%	2003	745	262,295,174	2004	223	18,739,000	2004	466,989,000
2004	26,839	6.3%	2004	736	264,138,149	2005	206	27,179,000	2005	349,275,000
2005	26,839	5.9%	2005	712	255,202,262	2006	209	28,203,162		
2006	26,839	4.4%	2006	703	264,365,555	2007	237	26,498,176		

(1) U.S. Census Bureau.
(2) Job Service of Iowa.
(3) Piper Jaffray, Inc. Note: For 2005 MidWestOne Bank became a branch office as of 1/1/2006. Total deposits for 2005 are reported with the main bank in Oskaloosa, Iowa.

City of Burlington, Iowa
Miscellaneous Statistical Data
Last Ten Fiscal Years

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Officers	42	42	42	42	44	44	44	44	44	44
Fire										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Firefighting Personnel	46	46	46	46	49	49	49	49	49	49
Parks										
Number of parks	13	13	13	13	13	13	13	13	13	13
Acres	220	220	220	220	220	220	220	220	220	220
Golf Courses	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Building Code										
Number of permits Issued	237	209	206	223	223	644	795	697	712	769
Permit Value	26,498,176	28,203,162	27,179,000	18,739,000	23,637,000	18,244,317	24,293,373	8,285,573	14,044,333	18,458,064
Wastewater Treatment Facility										
Number of Facilities	1	1	1	1	1	1	1	1	1	1
Major Pumping Stations	3	3	3	3	3	3	3	3	3	3
Minor Pumping Stations	11	11	11	11	10	10	10	10	10	10

EideBailly

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 Burlington, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the City's internal control over financial reporting.

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We do not believe the significant deficiency described above 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*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Burlington, Iowa. 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 also noted certain additional matters that we reported to management of the City of Burlington, Iowa, in a separate letter dated December 17, 2007.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Burlington, Iowa, and other parties to whom the City of Burlington, 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 Burlington, 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.

Eide Bailly LLP

Dubuque, Iowa
December 17, 2007

EideBailly

CPAs & BUSINESS ADVISORS

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

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

Compliance

We have audited the compliance of the City of Burlington, Iowa, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. The City's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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 Burlington, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Burlington, 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.

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

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 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-07 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood 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. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion to the City's response, we did not audit the City's response, and accordingly, we express no opinion on it.

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 Burlington, Iowa, and other parties to whom the City of Burlington, 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.

Eide Bailly LLP

Dubuque, Iowa
December 17, 2007

City of Burlington, Iowa

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
Department of Justice:			
Local Law Enforcement Block Grants Program	16.592	2006-F2033-IA-DJ	$ 18,977
Indirect:			
Department of Justice:			
Office of Drug Control Policy and Des Moines County, Iowa:			
Byrne Formula Grant Program	16.579	00-AO266	33,383
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-0977(625)- - 70-29	794,000
Formula Grants for Other Than Urbanized Areas	20.509	18-4028-097-07	155,278
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 07-02, Task 01	3,937
State and Community Highway Safety	20.600	06-02, Task 01	5,261
			9,198
Department of Homeland Security:			
Iowa Department of Homeland Security:			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	057-09550-00	81,734
Total Indirect			1,073,593
Total			$1,092,570

See notes to the Schedule of Expenditures of Federal Awards.

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Burlington, 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.

City of Burlington, Iowa

Schedule of Findings and Questioned Costs

Year Ended June 30, 2007

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

(a) Unqualified opinions were issued on the financial statements.

(b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements but was not considered a material weakness.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) A significant deficiency in internal control over the major program was disclosed by the audit of the financial statements but was not considered a material weakness.

(e) An unqualified opinion was issued on compliance with requirements applicable to the major program.

(f) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major program was CFDA Number 20.205 – Highway Planning and Construction.

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) The City of Burlington, Iowa, qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY

II-A-07 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. Currently, the Deputy City Manager posts all journal entries to the general ledger, is an authorized check signer, and reconciles cash and investments. No one else reviews the reconciliations.

Recommendation – We recommend that the City review operating procedures in order to obtain the maximum internal control possible.

Response – With the limited number of employees in the Finance Department, it is impossible to achieve a perfect system of internal accounting control. We will continue to review the situation and assign incompatible duties to separate individuals whenever possible.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

SIGNIFICANT DEFICIENCY

CFDA Number 20.205: Highway Planning and Construction
Grant Number: STP-U-0977(625)- -70-29
Department of Transportation

III-A-07 Segregation of Duties – The Deputy City Manager posts all journal entries to the general ledger, is an authorized check signer, and reconciles cash and investments. No one else reviews the reconciliations. See item II-A-07.

Part IV: Other Findings Related to Statutory Reporting:

IV-A-07 Certified Budget – Disbursements during the year ended June 30, 2007, exceeded the amount budgeted in the public safety and culture and recreation functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

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

Response – The City will continue to monitor expenditures on an ongoing basis and in the future will amend the budget prior to disbursements exceeding the budgeted amounts.

Conclusion – Response accepted.

IV-B-07 Questionable Expenditures – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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

IV-D-07 Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-07 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-07 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not. Although minutes of Council proceedings were published, they were not normally published within 15 days of the meeting as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should take measures to publish Council minutes within 15 days of the meeting.

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

Response – It is the City's position that Council meeting minutes are not official until approved by the City Council, and therefore, the 15 day limitation does not apply until approval.

Conclusion – Response acknowledged.

IV-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-07 Revenue Bonds – We noted no instances of noncompliance with the provisions of the City's revenue bond resolutions.

EideBailly
CPAs & BUSINESS ADVISORS

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Iowa, for the year ended June 30, 2007, and have issued our report thereon dated December 17, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated June 11, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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 and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to its major federal program for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Burlington, Iowa, are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2007. We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City's financial reporting process (that is, cause future financial statements to be materially misstated). Audit adjustments were recorded in the areas of cash, accounts receivable, and accounts payable. In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the City, either individually or in the aggregate, indicate matters that could have a significant effect on the City's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Other Comments

We have included additional comments regarding the financial statements and operations. These comments are not a result of in-depth study of any specific areas but are based on observations made during the course of our audit.

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

As always, we will be happy to discuss these or any other topics at your convenience. We would like to take this opportunity to express our appreciation to you and your staff for the fine cooperation that we received during the course of the audit. We look forward to many years of continued service to the City of Burlington, Iowa.

Eide Bailly LLP

Dubuque, Iowa
December 17, 2007

CITY OF BURLINGTON, IOWA

YEAR ENDED JUNE 30, 2007
OTHER COMMENTS

Service Provider's Internal Controls

As well as providing payroll-processing services, Pro Data Services also prepares ambulance billings, maintains ambulance accounts receivable records, and maintains receivable records for the parking ticket system. We recommend that the City obtain a service auditor's report on Pro Data annually if one is available, or at least a third party review of Pro Data's controls.

Disaster Recovery Plan

Currently the City does not have a disaster recovery plan for computer processing and financial processing. We recommend that the City develop such a plan and test it periodically.

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

Risk Assessment Audit Standards

The Auditing Standards Board of the American Institute of Certified Public Accountants has issued a suite of new auditing standards (Statements of Auditing Standards Nos. 104-111) related to the consideration of audit risk.

These statements establish standards and provide guidance concerning the auditor's assessment of the risks of material misstatement (whether caused by error or fraud) in a financial statement audit. They also provide guidance on designing and performing audit procedures that are responsive to those assessed risks. Additionally, the statements establish standards and provide guidance on planning and supervision (determining audit risk and materiality), the nature of audit evidence, and evaluating whether the audit evidence obtained affords a reasonable basis for an opinion on the financial statements under audit.

The primary objective of these standards is to enhance the auditor's consideration of audit risk by specifying, among other things:

- A more in-depth understanding of the entity and its environment, including its internal control, to identify the risks of material misstatement in the financial statements and what the entity is doing to mitigate those risks.
- Based upon the understanding obtained, a more rigorous assessment of the risks of where and how financial statements could be materially misstated.
- Improved linkage between the auditor's assessment of risks and the nature, timing, and extent of audit procedures performed in response to those risks.

Auditors will be required to implement these standards for all audit engagements for periods beginning on or after December 15, 2006. As a result, these standards will be in effect for the audit of your financial statements for the year ending June 30, 2008. These standards may have an impact on the City's audit.