

# **City of Burlington, Iowa**

Comprehensive Annual Financial Report

For the Year Ended June 30, 2008

Submitted By:

Department of Finance and Accounting  
City of Burlington, Iowa



# **INTRODUCTORY SECTION**



**CITY OF BURLINGTON, IOWA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2008**

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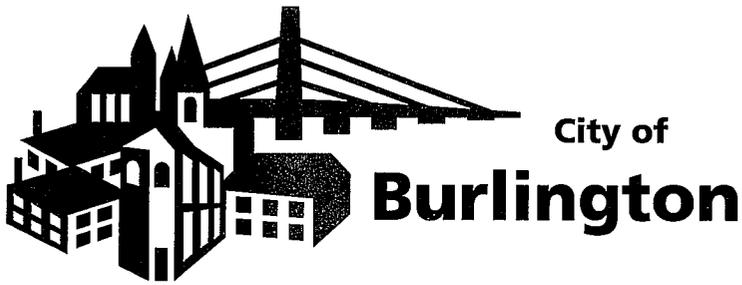
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February 12, 2009

To the Honorable Mayor, Members of the City Council, and Citizens of the 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, 2008.

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 City'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

of Burlington for the fiscal year ended June 30, 2008, 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, 2008 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 City'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 City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager, city clerk, and attorney. The city manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, 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 Finance Director 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 continued to make movements in a positive direction during fiscal year 2008. CNH Global proceeded with plans to move production of the New Holland backhoe to the Burlington facility from their Italy facility. This move will bring stability to the local facility and brings the potential for increased employment levels.

In addition, Dresser Rand Company proceeded with the expansion of their West Avenue facility, which consolidated their Burlington operations and added employees. Their downtown facility will be closed and acquired by the City utilizing a low interest loan from the State of Iowa. The City is working with Grow Greater Burlington to market the facility.

The City also entered into an agreement with Federal Mogul Ignition Products to utilize the targeted jobs withholding program to keep the Burlington manufacturing plant open. Burlington is one of six cities in the state eligible to utilize the targeted jobs credit on an experimental basis. The program allows the City to capture a portion of the employer's state income tax withholding and use the funds to pay for economic development projects. The project allows Federal Mogul to upgrade equipment in order to stay competitive.

In addition to these positive employment developments, the City had record hotel/motel tax revenues, strong growth in sales tax receipts, and substantial growth in revenues from the Catfish Bend Casino during the year. The City also completed the acquisition and clearing of twenty-three acres of land occupied by World War Two housing, which will be redeveloped for commercial purposes.

**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 \$39,310 on an accrual basis.

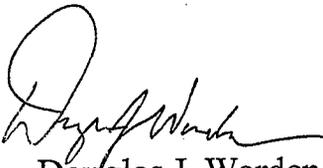
**Risk Management.** Effective February 1, 1988 the City began self-insuring its property and liability coverages. The City purchases layers of reinsurance through various insurance companies with the City assuming a self-insured retention, per claim, of \$50,000 for property losses and \$250,000 for liability losses. In addition, the City self-insures its workers compensation coverages under the same basis with a self-insured retention of \$300,000 per claim. In the aggregate, the City's losses for any one-year cannot exceed \$1,000,000. 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 its 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.

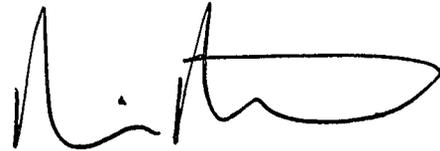
Additional information on the City of Burlington's pension arrangements can be found in notes to the financial statements.

## Acknowledgments

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.

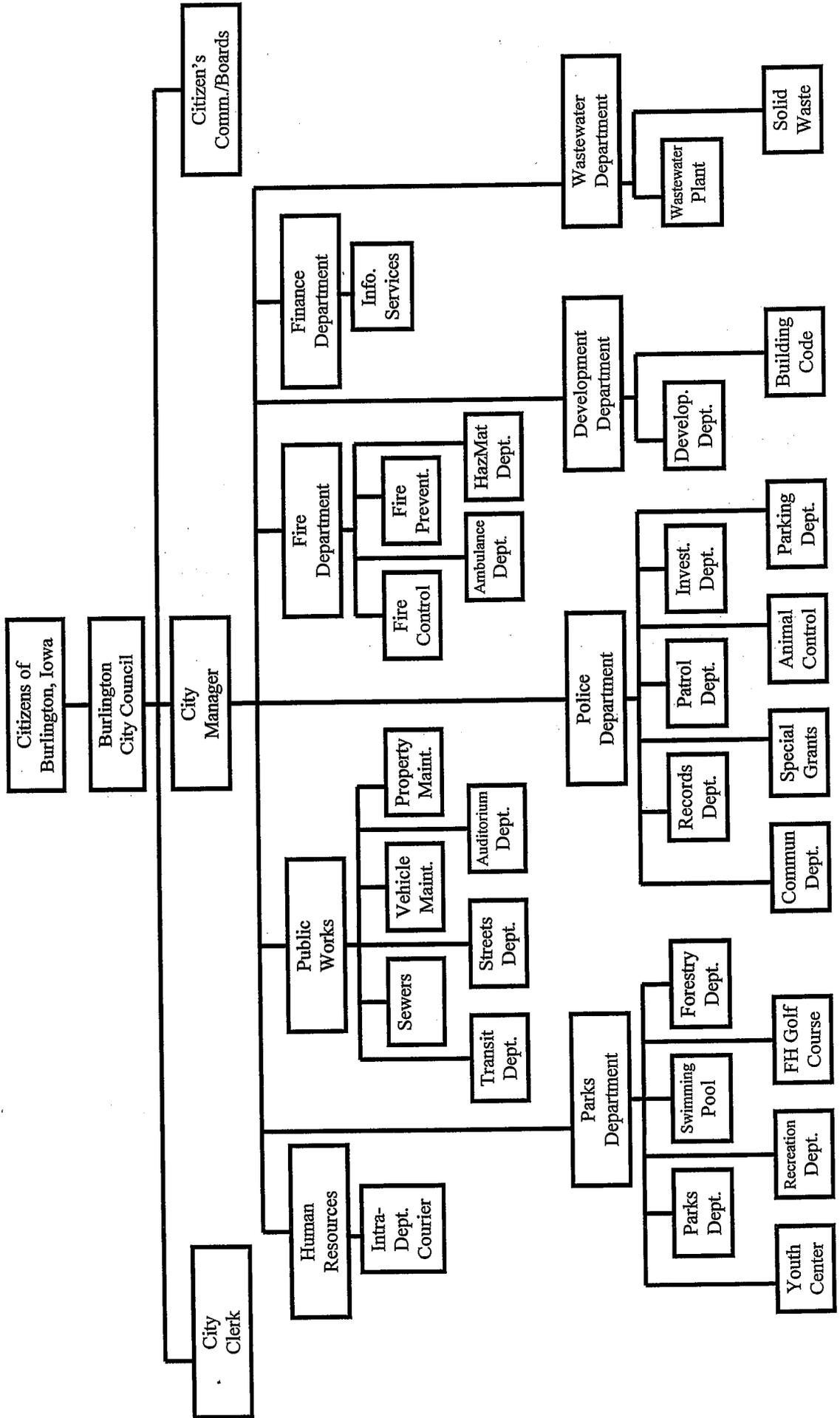


Douglas J. Worden, CPA  
City Manager



Dennis Bockenstedt, CPA  
Finance Director

# City of Burlington Organizational Chart



# CITY OF BURLINGTON, IOWA

## List of Principal Officials June 30, 2008

### ELECTED OFFICIALS

Mayor  
Mayor Pro tem  
Council Member  
Council Member  
Council Member

William I. Ell  
Matthew Murray  
Jim Davidson  
Timothy Scott  
Gary Thomas

### APPOINTED OFFICIALS

City Manager  
City Attorney  
City Clerk  
Director of Development  
Finance Director  
Fire Chief  
Library Director  
Parks and Recreation Superintendent  
Personnel Director  
Police Chief  
Public Works Director  
Wastewater Treatment Facility Superintendent

Douglas J. Worden  
Scott Power  
Kathleen Salisbury  
Eric Larson  
Dennis Bockenstedt  
Tom Clements  
Rhonda Frevert  
Phillip Collier  
Bev Hunter  
Dan Luttenegger  
Ron Knoke  
Donald Fitting

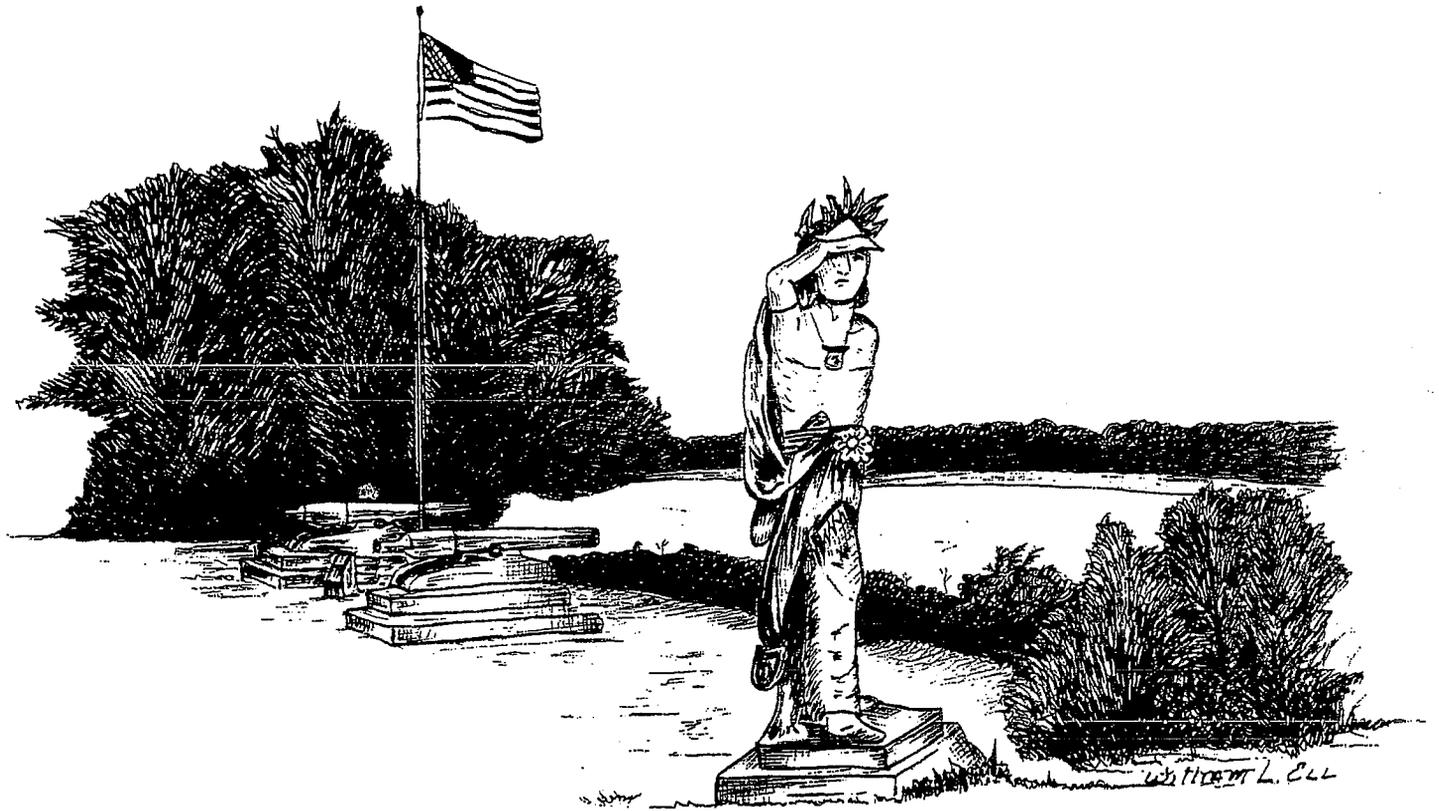
# **CITY OF BURLINGTON**

## **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.



## **FINANCIAL SECTION**





CPAs & BUSINESS ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Burlington, Iowa. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis and the 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 and the other auditors 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 of the City of Burlington, Iowa. 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, Iowa. The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Eric Sully LLP". The signature is written in black ink and is positioned above the typed text of the firm's name.

Dubuque, Iowa  
February 12, 2009

## Management's Discussion and Analysis

Our discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2008 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 June 30, 2008 by \$49,783,295 (net assets), a decrease of \$1,506,459 from the previous year.
- In the governmental activities, current assets of \$15,494,334 exceeded current liabilities of \$14,464,673 or a ratio of 1.07:1.
- At the end of the current fiscal year, the City of Burlington's governmental funds reported combined ending fund balances of \$4,076,084, an increase of \$960,656 in comparison with the prior year. The Debt Service Fund decreased by \$60,911. The General Fund decreased by \$278,269. The Road Use Tax Fund decreased by \$206,613, Local Option Sales Tax Fund increased by \$818,929, Tax Increment decreased by \$49,133, Capital Projects increased by \$833,916, Employee Benefits Fund did not change, and all other governmental funds decreased by \$97,263.
- At the end of the current fiscal year, unreserved fund balances for the General Fund was \$610,706 or 4.16 percent of total General Fund expenditures.

### 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 reflect 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 24 - 25 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. All are presented as major funds.

The internal service funds primarily serve the City 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 36 - 62 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 68 – 76 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 \$49,783,295 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets is 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	
	2007	2008	2007	2008	2007	2008
Current assets	\$ 14,231	\$ 15,494	\$ 297	\$ (332)	\$ 14,528	\$ 15,162
Capital Assets	57,237	57,601	33,593	32,651	90,830	90,252
<b>Total Assets</b>	<b>71,468</b>	<b>73,095</b>	<b>33,890</b>	<b>32,319</b>	<b>105,358</b>	<b>105,414</b>
Current liabilities	11,751	14,465	1,221	1,175	12,972	15,640
Noncurrent liabilities	32,701	32,512	8,395	7,479	41,096	39,991
<b>Total Liabilities</b>	<b>44,452</b>	<b>46,977</b>	<b>9,616</b>	<b>8,654</b>	<b>54,068</b>	<b>55,631</b>
Investment in capital assets, net of related debt	32,087	36,794	25,376	24,867	57,463	61,661
Restricted	645	2,080	501	501	1,146	2,581
Unrestricted	(5,716)	(12,756)	(1,603)	(1,703)	(7,319)	(14,459)
<b>Total Net Assets</b>	<b>\$ 27,016</b>	<b>\$ 26,118</b>	<b>\$ 24,274</b>	<b>\$ 23,665</b>	<b>\$ 51,290</b>	<b>\$ 49,783</b>

A portion of the City's net assets (5.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* may be used to meet the City's ongoing obligations.

At the end of the current fiscal year, the City reported deficit balances in its unrestricted net assets but not in its invested in capital assets, net of related debt or its restricted assets for the government as a whole, as well as for its separate governmental and business-type activities. The net assets of the City decreased by \$1,506,459 during the current fiscal year. Most of this decrease was due to depreciation expense of \$3,936,286.

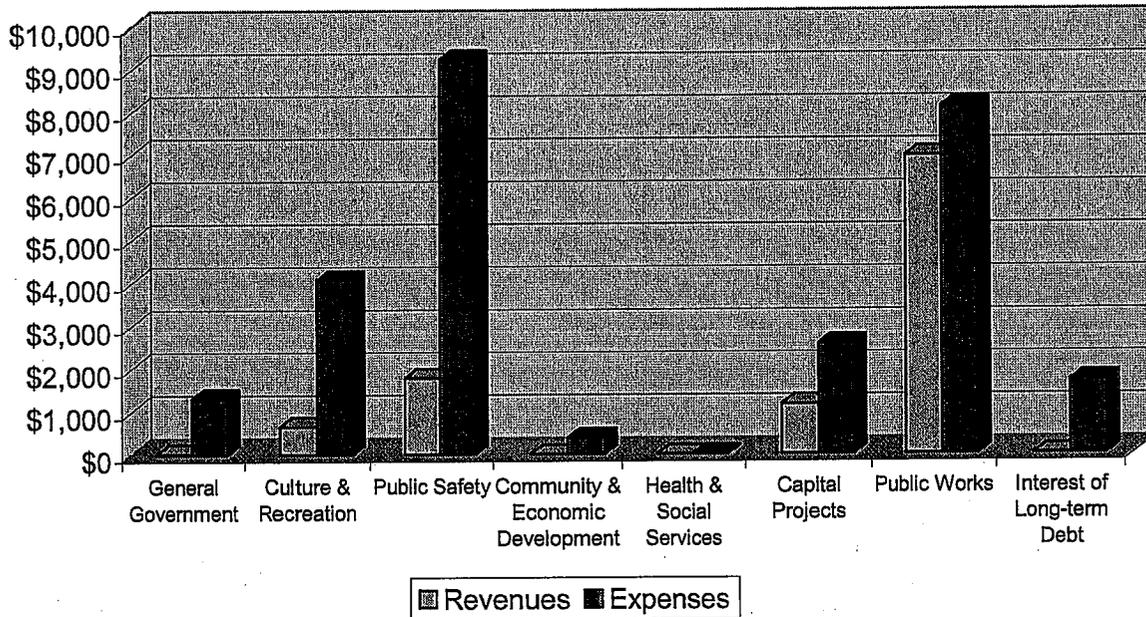
The following table summarizes the City's operating activities for the fiscal year 2008:

### City of Burlington's Changes in Net Assets (000's)

	Governmental Activities		Business Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Revenues:						
Program revenues:						
Charges for services	\$ 3,294	\$ 5,483	\$ 5,298	\$ 6,106	\$ 8,592	\$ 11,589
Operating grants and contributions	2,833	3,135			2,833	3,135
Capital grants and contributions	4,540	1,980	292	386	4,832	2,366
General revenues:						
Property taxes	9,604	9,779			9,604	9,779
Other taxes	4,931	5,115			4,931	5,115
Grants and contributions not restricted to specific programs	117	45			-	-
Other	1,934	486	575	25	2,509	511
<b>Total revenues</b>	<b>27,253</b>	<b>26,023</b>	<b>6,165</b>	<b>6,517</b>	<b>33,418</b>	<b>32,540</b>
Expenses:						
General government	1,525	1,314			1,525	1,314
Public safety	9,405	9,237			9,405	9,237
Public works	6,215	8,119			6,215	8,119
Culture and recreation	4,004	4,073			4,004	4,073
Community and economic development	308	380			308	380
Health and social services	3	2			3	2
Capital projects	3,675	2,560			3,675	2,560
Interest on long-term debt	1,458	1,721			1,458	1,721
Sewer			4,194	4,240	4,194	4,240
Solid waste			1,112	1,163	1,112	1,163
Recplex			596	618	596	618
Parking			164	162	164	162
Flint Hills golf course			480	457	480	457
<b>Total expenses</b>	<b>26,593</b>	<b>27,406</b>	<b>6,546</b>	<b>6,640</b>	<b>33,139</b>	<b>34,046</b>
Increase in net assets before transfers	660	(1,383)	(381)	(123)	279	(1,506)
Transfers in (out)	496	485	(496)	(485)	-	-
<b>Increase (decrease) in net assets</b>	<b>1,156</b>	<b>(898)</b>	<b>(877)</b>	<b>(608)</b>	<b>279</b>	<b>(1,506)</b>
Net assets beginning	25,860	27,016	25,151	24,274	51,011	51,290
<b>Net assets ending</b>	<b>\$ 27,016</b>	<b>\$ 26,118</b>	<b>\$ 24,274</b>	<b>\$ 23,666</b>	<b>\$ 51,290</b>	<b>\$ 49,784</b>

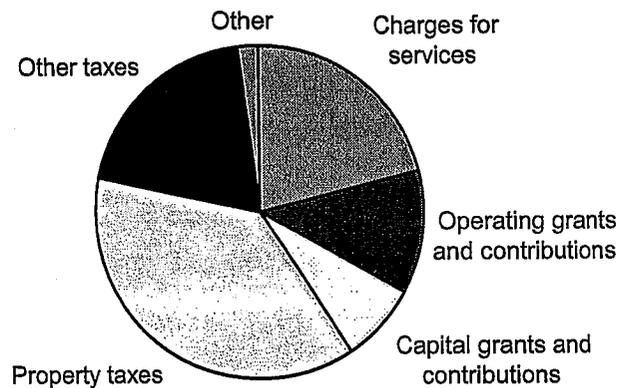
**Governmental activities.** Governmental activities decreased the City of Burlington's net assets by \$898,150, thereby accounting for 59.6% of the total decrease in the net assets. Most of this decrease is due to depreciation expense of \$2,341,224. The change in net assets due to program activities is represented as follows:

### Expenses and Program Revenues - Governmental Activities (000's)

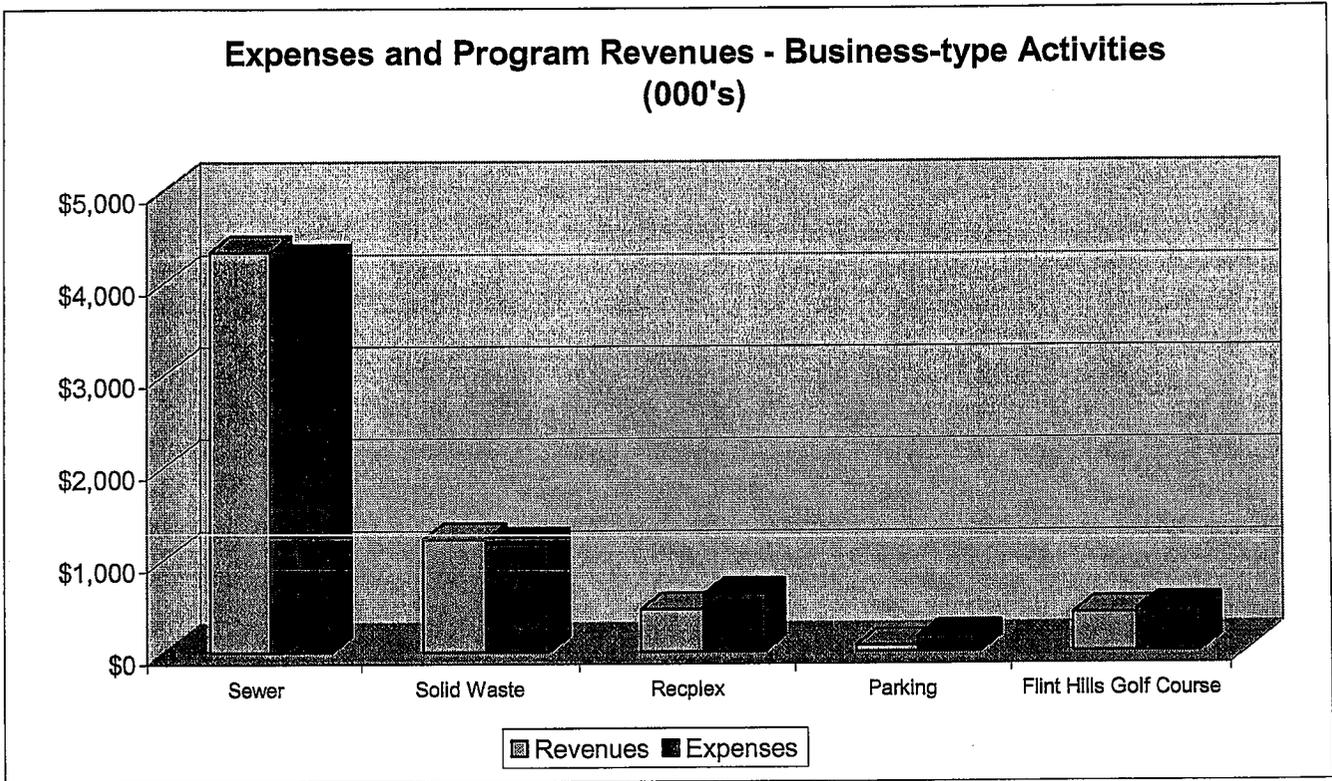


Expenses are higher than revenues for all of these programs due to the fact that many of the governmental activities are supported by general governmental revenues including property taxes and other taxes and other revenues. Revenues for the governmental activities are derived as follows:

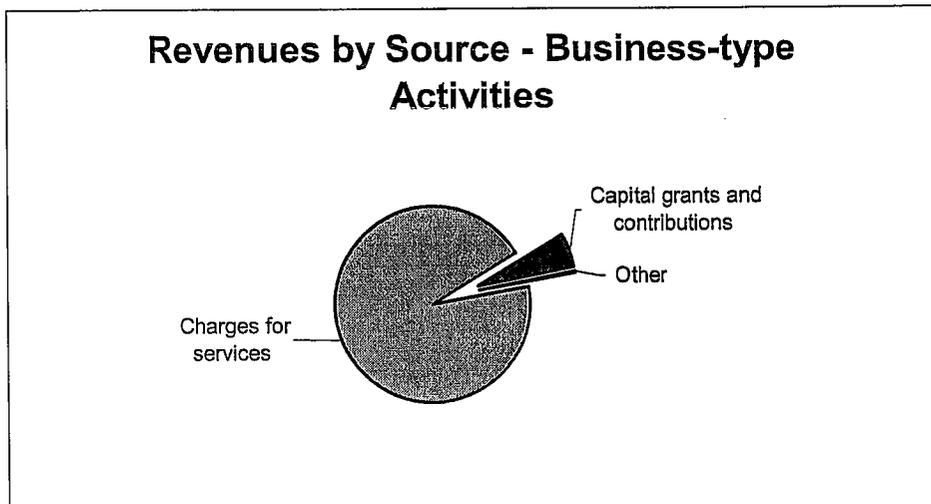
### Revenues by Source - Governmental Activities



**Business-type activities.** Business-type activities decreased the City of Burlington's net assets by \$608,309, which accounted for 40.38% of the total decrease in net assets. The decrease in net assets from all of the business-type activities is primarily due to depreciation expense of \$1,595,062. The business-type funds also recorded transfers out \$484,760 to the governmental funds.



The program revenues were near even with expenses for each business-type activity. The graph reflects the fact that business-type activities are operated in a business-like manner and are intended to be self-supporting through service charges. Service charges by source are reflected in the chart below:



## 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'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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,076,084, an increase of \$960,656 in comparison with the prior year.

The General fund is the chief operating fund of the City of Burlington. At the end of the current fiscal year, total fund balance of the General Fund was \$610,706, which was entirely unreserved. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 4.16 percent of total General Fund expenditures.

The fund balance of the City of Burlington's General fund decreased by \$278,269 during the current fiscal year. The decrease was primarily due to an increase in public safety expenditures of \$324,583 or 3.82%, an increase in general government expenditures of \$92,486 or 8.21%, and increase in community and economic development expenditures of \$37,672 or 18.42%.

The Debt Service fund decreased by \$60,911 primarily due to the non-payment by the regional airport of its share of debt service of \$65,695.

The Road Use Tax fund has a fund balance of (\$244,481), a decrease of (\$206,613). The decrease was primarily due to an increase in snow and ice control expenditures of \$138,928.

The Local Option Sales Tax fund balance of \$1,447,883, which is an increase from the previous year of \$818,929. This balance represents funds allocated for projects, but not expended as of June 30, 2008 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. The increase in fund balance is due to the increase in sales tax collections of \$178,519 and a reduction in transfers out of \$512,376.

The Tax Increment Financing fund has a fund balance of (\$191,680), which is a decrease from the previous year of \$49,133. This decrease is primarily due to the increased debt service costs from the 2006 tax increment revenue bond.

The Capital Projects fund has a fund balance of \$2,276,237 at the end of the current fiscal year. This represents an increase from the previous year of \$833,916. The increase in fund balance is primarily due to the issuance of notes payable during the year.

The Employee Benefits fund's fund balance did not change from the previous year and is \$49.

**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, 2008 were \$23,665,514, which was a decrease of \$608,309 from the previous year.

The Sewer, Recplex, Parking, and Golf Course funds all recorded net operating losses before contributions and transfers for the year. Depreciation expense is the primary reason for the operating losses. After removing depreciation expense from each of these funds, the results are different. Revenue in each of these funds also remained steady or grew.

The Sewer fund recorded a net operating loss before contributions and transfers of \$264,713 as the result of depreciation of \$1,305,250. Revenues increased by \$163,177 from the previous year or 4.30%

The RecPlex fund recorded a net operating loss before contributions and transfers of \$159,622, after recording depreciation of \$107,376. Revenues increased by \$12,885 from the previous year or 2.89%.

The Parking fund recorded a net operating loss before contributions and transfers of \$98,583 after recording depreciation of \$64,336. Parking revenues increased from the previous year by \$85.

The Golf Course fund recorded a net operating loss before contributions and transfers of \$41,755 after recording \$53,961 of depreciation. Golf course revenues grew by \$6,461 from the previous year or 1.58%.

The Solid Waste Fund recorded a net operating income before transfers and contributions of \$55,124. Revenues increased by \$70,807 from the previous year or 6.17%.

### **Budget Analysis**

The final amended budget for all funds was \$2,292,600 or 6.28% greater than the original budget. The final amended budget was \$38,799,253. The budget amendment included increases in expenditures including police and fire overtime wages, fuel expenditures, snow removal expenditures, hotel/motel distributions, and other miscellaneous items. The most significant item was a \$1,520,000 increase in expenditures for an economic development incentive program for Dresser Rand.

Even with these amendments the City exceeded the budgeted amounts in the Public Safety, Cultural and Recreation, and Public Works functions for the year ended June 30, 2008.

## 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, 2008, amounts to \$90,251,600 (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 decrease in the City's investment in capital assets for the current fiscal year was less than 1 percent (a .6 percent increase for governmental activities and a 2.8 percent decrease for business-type activities).

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

- The capitalization of new assets during the year amounted to \$3,390,282 during the year.
- Major asset additions in the governmental funds include the renovation and equipment for the Memorial Auditorium totaling \$1,202,693. Also included is the addition of the Sunrise West development street and storm sewer infrastructure of \$823,500 and the Brouwer Drive infrastructure of \$280,000.
- Major asset additions in the business-type funds include the addition of the Sunrise West and Brouwer Drive sanitary sewers at \$344,500 and the addition of new equipment at \$208,885.
- The value of work in progress amounted to \$286,028. This reflects the value of the sewer equalization tank project and the Perkins Park restroom project at June 30.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 2,049	\$ 2,049	\$ 399	\$ 399	\$ 2,448	\$ 2,448
Buildings and system	17,170	21,075	11,103	12,186	28,273	33,261
Improvements other than buildings	2,374	317	1,552	711	3,926	1,028
Fixtures and equipment	3,607	3,323	983	1,168	4,590	4,491
Infrastructure	30,848	30,808	19,409	17,930	50,257	48,738
Construction in progress	1,188	28	147	257	1,335	285
<b>Total</b>	<b>\$ 57,236</b>	<b>\$ 57,600</b>	<b>\$ 33,593</b>	<b>\$ 32,651</b>	<b>\$ 90,829</b>	<b>\$ 90,251</b>

Additional information on the City of Burlington's capital assets can be found in note IV on pages 49 - 50 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Burlington had total bonded debt outstanding of \$40,905,785. Of this amount, \$32,485,785 comprises debt backed by the full faith and credit of the government and \$1,900,000 is revenue bonds repayable with revenues from the City's sewer utility and \$6,520,000 of Urban Renewal Tax Increment Revenue bonds. In addition, the City owes Grow Greater Burlington \$74,400 for funds advanced toward construction of the RecPlex in Flint Ridge Business Park and \$942,011 to the Iowa Department of Economic Development for funds advanced for the acquisition of the Dresser-Rand building.

## City of Burlington's Outstanding Debt (000's)

### General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
General obligation bonds	\$ 25,177	\$ 26,550	\$ 6,079	\$ 5,936	\$ 31,256	\$ 32,486
Sewer revenue bonds			2,195	1,900	2,195	1,900
Notes payable	149	1,016			149	1,016
Tax increment revenue bonds	6,520	6,520			6,520	6,520
<b>Total</b>	<b>\$ 31,846</b>	<b>\$ 34,086</b>	<b>\$ 8,274</b>	<b>\$ 7,836</b>	<b>\$ 40,120</b>	<b>\$ 41,922</b>

The City's total debt increased by \$1,802,340 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 statutes 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 \$48,907,585. The City's current applicable debt is \$39,085,765, which is 79.92% of the statutory limit.

Additional information on the City of Burlington's long-term debt can be found in note VII on pages 52 - 57 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The City of Burlington had the following economic highlights during fiscal year 2008:

- The unemployment rate for the City of Burlington, as of June, 2008 was 5.6% an increase from June, 2007 of 4.4%. Total labor force grew from 12,810 in 2007 to 13,070 in 2008.
- Retail sales grew from sales tax year 2007 to tax year 2008 by \$6,919,145 or 2.45%. The number of sales tax permits grew from 286 to 296.
- For fiscal year 2008 total value of building permits issued was \$41,092,033, which is an increase of \$14,593,857 or 55.07 percent from the prior fiscal year.

For the fiscal 2008-2009 budget, the City's property tax rate decreased by \$.0557 to a total of \$14.92782 per \$1,000 of property valuation. The lower property tax rate resulted from a decrease in retirement costs as there were no major service level changes.

### **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 Finance Department, City of Burlington, 400 Washington, Burlington, IA 52601.

City of Burlington, Iowa

Statement of Net Assets  
June 30, 2008

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Burlington Municipal Waterworks	Southeast Iowa Regional Airport Authority	Friends of the Burlington Public Library
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 292,995	\$ 56,756	\$ 349,751	\$ 1,176,853	\$ 5,280	\$ 318,450
Investments, at Market	0	0	0	0	0	2,694,648
<b>Receivables:</b>						
Interest	0	0	0	62,080	0	14,774
Taxes	10,254,529	0	10,254,529	0	0	0
Accounts	390,250	102,140	492,390	379,256	39,593	0
Special assessments	117,912	0	117,912	0	0	0
Intergovernmental	1,257,776	0	1,257,776	0	57,076	0
Promises to Give	0	0	0	0	0	391,762
Land held for resale	2,400,000	0	2,400,000	0	0	0
Internal balances	570,428	(570,428)	0	0	0	0
Inventories	87,848	18,526	106,374	38,982	0	0
Prepaid contracts	122,596	60,715	183,311	86,600	0	0
<b>Total current assets</b>	<b>15,494,334</b>	<b>(332,291)</b>	<b>15,162,043</b>	<b>1,743,771</b>	<b>101,949</b>	<b>3,419,634</b>
<b>Noncurrent assets:</b>						
Restricted cash and cash equivalents	0	0	0	509,059	0	0
Restricted interest receivable	0	0	0	433	0	0
Deferred Debt Expense	0	0	0	0	4,990	0
<b>Capital assets:</b>						
Land and Work in Progress	2,077,072	655,873	2,732,945	151,981	1,684,326	0
Buildings, infrastructure, and equipment, net	55,523,382	31,995,273	87,518,655	8,770,060	12,847,889	0
<b>Total noncurrent assets</b>	<b>57,600,454</b>	<b>32,651,146</b>	<b>90,251,600</b>	<b>9,431,533</b>	<b>14,537,205</b>	<b>0</b>
<b>Total assets</b>	<b>\$ 73,094,788</b>	<b>\$ 32,318,855</b>	<b>\$ 105,413,643</b>	<b>\$ 11,175,304</b>	<b>\$ 14,639,154</b>	<b>\$ 3,419,634</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 1,532,538	\$ 310,298	\$ 1,842,836	\$ 233,966	\$ 47,809	\$ 0
Claims payable	179,269	0	179,269	0	0	0
Due To Cash Account	0	0	0	0	11,895	0
Accrued expense	0	0	0	0	16,516	858
Customers deposits	0	0	0	279,099	0	0
Lime removal liability	0	0	0	19,350	0	0
Unearned revenue	10,094,008	341,329	10,435,337	126,309	10,337	0
Bond interest payable	217,711	26,528	244,239	250	0	0
Current portion of long-term obligations	2,441,147	496,167	2,937,314	100,000	173,883	0
<b>Total current liabilities</b>	<b>14,464,673</b>	<b>1,174,322</b>	<b>15,638,995</b>	<b>758,974</b>	<b>280,440</b>	<b>858</b>
<b>Noncurrent liabilities:</b>						
Noncurrent portion of long-term obligations	32,512,334	7,479,019	39,991,353	2,403,000	296,690	0
<b>Total liabilities</b>	<b>46,977,007</b>	<b>8,653,341</b>	<b>55,630,348</b>	<b>3,161,974</b>	<b>557,130</b>	<b>858</b>
<b>Net Assets</b>						
Investment in capital assets, net of related debt	36,794,281	24,867,169	61,661,450	0	14,061,642	0
<b>Restricted for:</b>						
Public Safety	156,906	0	156,906	0	0	0
Culture and Recreation	261,338	0	261,338	0	0	1,570,368
Public Works	9,813	0	9,813	0	0	0
Asset acquisition	1,000,000	0	1,000,000	0	0	0
Other	0	0	0	473,097	0	0
Debt service	652,000	501,000	1,153,000	36,395	0	0
Unrestricted (deficit)	(12,756,557)	(1,702,655)	(14,459,212)	7,503,838	20,382	1,848,408
<b>Total net assets</b>	<b>26,117,781</b>	<b>23,665,514</b>	<b>49,783,295</b>	<b>8,013,330</b>	<b>14,082,024</b>	<b>3,418,776</b>
<b>Total liabilities and net assets</b>	<b>\$ 73,094,788</b>	<b>\$ 32,318,855</b>	<b>\$ 105,413,643</b>	<b>\$ 11,175,304</b>	<b>\$ 14,639,154</b>	<b>\$ 3,419,634</b>

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, 2008

Programs/Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 1,314,315	\$ 18,824	\$ 0	\$ 0	\$ (1,295,491)	\$ 0	\$ (1,295,491)
Culture and Recreation	4,073,422	561,058	94,056	0	(3,418,308)	0	(3,418,308)
Public Safety	9,236,690	1,379,173	400,831	0	(7,456,686)	0	(7,456,686)
Community and Economic Development	380,320	0	0	0	(380,320)	0	(380,320)
Health and Social Services	2,420	0	0	0	(2,420)	0	(2,420)
Capital Projects	2,559,567	0	8,830	1,156,730	(1,394,007)	0	(1,394,007)
Public works	8,118,733	3,523,969	2,627,057	823,500	(1,144,207)	0	(1,144,207)
Interest on long-term debt	1,720,794	0	4,480	0	(1,716,314)	0	(1,716,314)
<b>Total governmental activities</b>	<b>27,406,261</b>	<b>5,483,024</b>	<b>3,135,254</b>	<b>1,980,230</b>	<b>(16,807,753)</b>	<b>0</b>	<b>(16,807,753)</b>
<b>Business-type activities:</b>							
Sewer	4,240,121	3,952,836	0	386,000	0	98,715	98,715
Solid waste	1,163,318	1,218,442	0	0	0	55,124	55,124
Recplex	618,287	457,403	0	0	0	(160,884)	(160,884)
Parking	162,354	63,771	0	0	0	(98,583)	(98,583)
Flint Hills golf course	456,565	414,011	0	0	0	(42,554)	(42,554)
<b>Total business-type activities</b>	<b>6,640,645</b>	<b>6,106,463</b>	<b>0</b>	<b>386,000</b>	<b>0</b>	<b>(148,182)</b>	<b>(148,182)</b>
<b>Total primary government</b>	<b>\$ 34,046,906</b>	<b>\$ 11,589,487</b>	<b>\$ 3,135,254</b>	<b>\$ 2,366,230</b>	<b>\$ (16,807,753)</b>	<b>\$ (148,182)</b>	<b>\$ (16,955,935)</b>
<b>Component units:</b>							
Burlington Municipal Waterworks	\$ 3,136,696	\$ 3,014,560	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Friends of the Burlington Public Library	31,871	0	73,104	0	0	0	0
Southeast Iowa Regional Airport	1,223,497	411,006	-	306,022	0	0	0
<b>Total component units</b>	<b>\$ 4,392,064</b>	<b>\$ 3,425,566</b>	<b>\$ 73,104</b>	<b>\$ 306,022</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					9,778,727	0	9,778,727
Local Option Sales					3,671,507	0	3,671,507
Other					1,443,855	0	1,443,855
Grants and contributions not restricted to specific programs					45,067	0	45,067
Investment Income, Net					21,534	17,776	39,310
Other Revenues					464,153	6,857	471,010
Transfers					484,760	(484,760)	0
<b>Total general revenues and transfers</b>					<b>15,909,603</b>	<b>(460,127)</b>	<b>15,449,476</b>
<b>Changes in net assets</b>					<b>(698,150)</b>	<b>(608,309)</b>	<b>(1,506,459)</b>
<b>Net assets - beginning</b>					<b>27,015,931</b>	<b>24,273,823</b>	<b>51,289,754</b>
<b>Net assets - ending</b>					<b>\$ 26,117,781</b>	<b>\$ 23,665,514</b>	<b>\$ 49,783,295</b>

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



City of Burlington, Iowa

Balance Sheet  
Governmental Funds  
June 30, 2008

	General	Debt Service	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
<b>Assets</b>					
Cash and cash equivalents	\$ 18,455	\$ 0	\$ 0	\$ 49,168	\$ 0
Receivables:					
Taxes	5,597,832	1,792,595	0	0	1,362,724
Accounts	369,809	0	0	0	0
Special assessments	68,127	0	0	0	0
Intergovernmental	294,412	0	184,095	521,672	0
Land held for resale	0	0	0	0	0
Due from other funds	535,327	0	0	877,043	0
Prepaid contracts	93,354	0	18,977	0	0
<b>Total assets</b>	<b>\$ 6,977,316</b>	<b>\$ 1,792,595</b>	<b>\$ 203,072</b>	<b>\$ 1,447,883</b>	<b>\$ 1,362,724</b>
<b>Liabilities and fund balances (deficits)</b>					
<b>Liabilities</b>					
Accounts payable	\$ 567,128	\$ 16,638	\$ 99,961	\$ 0	\$ 43,000
Due to other funds	169,136	24,828	347,592	0	130,036
Deferred revenue	5,630,346	1,752,129	0	0	1,381,368
<b>Total liabilities</b>	<b>6,366,610</b>	<b>1,793,595</b>	<b>447,553</b>	<b>0</b>	<b>1,554,404</b>
<b>Fund balances (deficits)</b>					
Unreserved, reported in:					
General fund	610,706	0	0	0	0
Special revenue funds	0	0	(244,481)	1,447,883	(191,680)
Debt Service Fund	0	(1,000)	0	0	0
Capital projects fund	0	0	0	0	0
<b>Total fund balances (deficits)</b>	<b>610,706</b>	<b>(1,000)</b>	<b>(244,481)</b>	<b>1,447,883</b>	<b>(191,680)</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 6,977,316</b>	<b>\$ 1,792,595</b>	<b>\$ 203,072</b>	<b>\$ 1,447,883</b>	<b>\$ 1,362,724</b>

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

Capital Projects	Employee Benefits	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 0	\$ 222,100	289,723
0	1,317,185	184,193	10,254,529
143	0	2,148	372,100
3,865	0	45,920	117,912
60,760	0	0	1,060,939
2,400,000	0	0	2,400,000
1,110,658	0	426,939	2,949,967
0	0	828	113,159
<u>\$ 3,575,426</u>	<u>\$ 1,317,185</u>	<u>\$ 882,128</u>	<u>\$ 17,558,329</u>

\$ 326,636	\$ 0	\$ 300,822	\$ 1,354,185
877,043	32,871	177,803	1,759,309
95,510	1,284,265	225,133	10,368,751
<u>1,299,189</u>	<u>1,317,136</u>	<u>703,758</u>	<u>13,482,245</u>

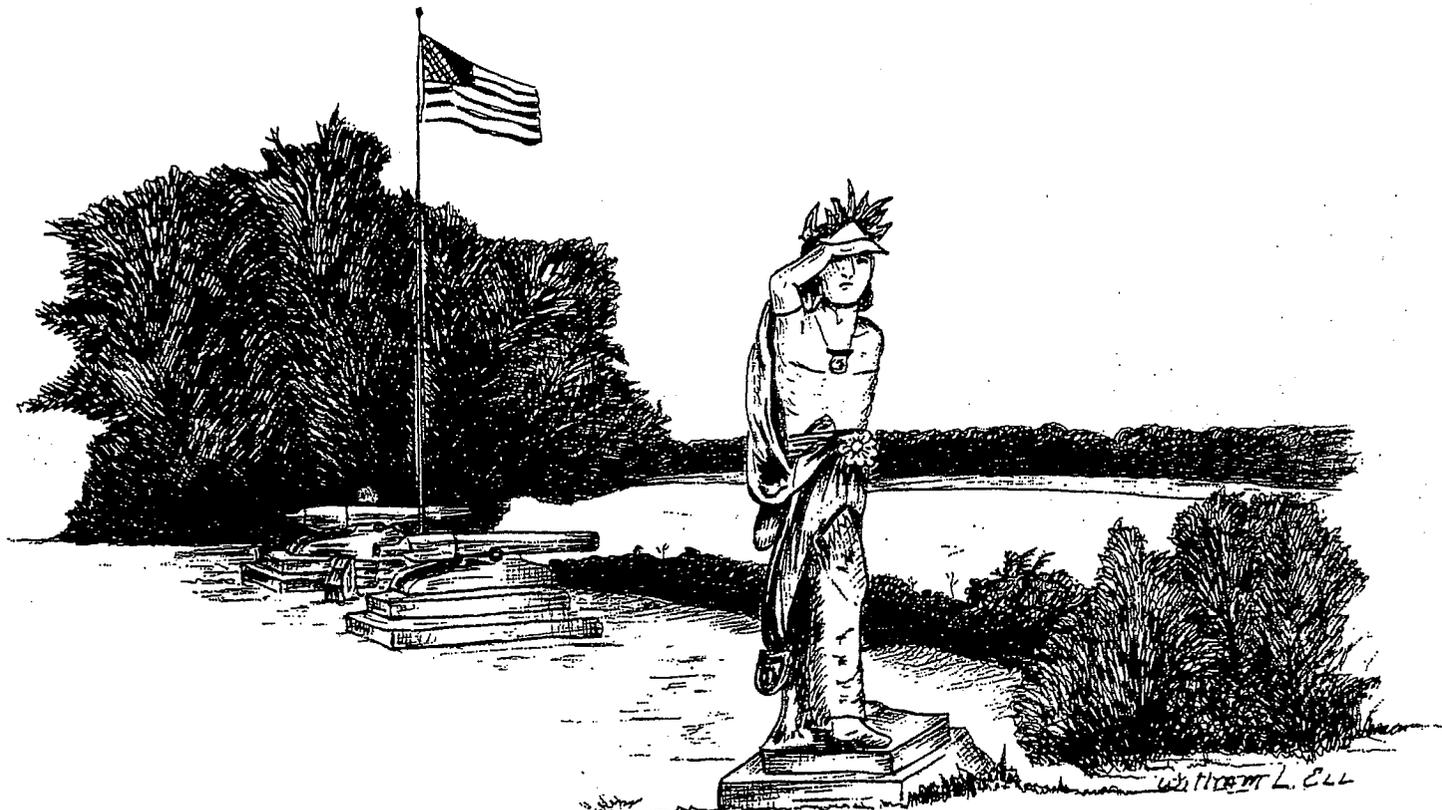
0	0	0	610,706
0	49	178,370	1,190,141
0	0	0	(1,000)
<u>2,276,237</u>	<u>0</u>	<u>0</u>	<u>2,276,237</u>
<u>2,276,237</u>	<u>49</u>	<u>178,370</u>	<u>4,076,084</u>
<u>\$ 3,575,426</u>	<u>\$ 1,317,185</u>	<u>\$ 882,128</u>	<u>\$ 17,558,329</u>

City of Burlington, Iowa

Reconciliation of the Balance Sheet to the  
Statement of Net Assets  
June 30, 2008

Fund balances--total governmental funds		\$ 4,076,084
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	\$ 2,077,072	
Buildings, improvements, and equipment, net of depreciation	55,523,382	
Less: Internal service fund capital assets, net of depreciation	<u>(769,701)</u>	56,830,753
The assets and liabilities of internal service funds are included in the governmental activities in the statement of net assets. Internal service fund net assets:		
Property maintenance fund	\$ (238,758)	
Vehicle maintenance fund	9,970	
Safety coordination fund	2,894	
Self insurance fund	(297,252)	
Miscellaneous service fund	<u>(7,796)</u>	(530,942)
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:		
General fund - accounts receivable	96,630	
General fund - intergovernmental receivable	8,700	
General fund - special assessments receivable	58,631	
Debt service fund - intergovernmental receivable	4,480	
Capital projects fund - accounts receivable	60,760	
Other governmental funds - accounts receivable	15	
Other governmental funds - special assessments receivable	<u>45,527</u>	274,743
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	\$ 26,561,315	
Less: Amount applicable to internal service funds	(579,735)	
Deferred amount on refunding	(131,925)	
Less: Amount applicable to internal service funds	(30,899)	
Notes payable	74,400	
Tax Increment revenue Bonds	6,520,000	
Economic Development Loan	942,011	
Compensated absences	1,018,579	
Less: Amount applicable to internal service funds	(56,566)	
Bond interest payable	217,711	
Less: Amount applicable to internal service funds	<u>(2,034)</u>	<u>(34,532,857)</u>
Net assets of governmental activities		<u>\$ 26,117,781</u>

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, 2008

	General Fund	Debt Service	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
<b>Revenues:</b>					
Property taxes	\$ 5,295,545	\$ 1,675,273	\$ 0	\$ 0	\$ 1,365,473
Other taxes and assessments	1,314,046	60,915	0	3,671,507	0
Licenses and permits	786,634	0	0	0	0
Fines and forfeitures	123,896	0	0	0	0
Intergovernmental	832,900	0	2,315,173	0	0
Charges for services	1,462,122	0	0	0	0
Use of money and property	179,329	891	0	9,278	3,061
Other	125,344	23,832	0	0	179
<b>Total revenues</b>	<b>10,119,816</b>	<b>1,760,911</b>	<b>2,315,173</b>	<b>3,680,785</b>	<b>1,368,713</b>
<b>Expenditures:</b>					
Current operating:					
Public Safety	8,825,272	0	0	0	0
Culture and Recreation	2,868,146	0	0	0	0
Public Works	1,533,712	0	2,122,503	25,000	0
Community and Economic Development	242,173	0	0	0	182,420
Health and Social Services	2,420	0	0	0	0
General Government	1,218,837	0	0	74,301	0
Debt service:					
Principal	0	1,958,245	0	0	0
Interest and other charges	0	1,786,397	0	0	0
Capital outlay	0	0	0	0	0
<b>Total expenditures</b>	<b>14,690,560</b>	<b>3,744,642</b>	<b>2,122,503</b>	<b>99,301</b>	<b>182,420</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,570,744)</b>	<b>(1,983,731)</b>	<b>192,670</b>	<b>3,581,484</b>	<b>1,186,293</b>
<b>Other financing sources (uses):</b>					
Issuance of notes payable	0	0	0	0	0
Issuance of general obligation bonds	0	0	0	0	0
Premium on Sale of Bonds	0	0	0	0	0
Transfers in	5,022,275	1,922,820	0	0	0
Transfers out	(729,800)	0	(399,283)	(2,762,555)	(1,235,426)
<b>Total other financing sources and uses</b>	<b>4,292,475</b>	<b>1,922,820</b>	<b>(399,283)</b>	<b>(2,762,555)</b>	<b>(1,235,426)</b>
<b>Net change in fund balance</b>	<b>(278,269)</b>	<b>(60,911)</b>	<b>(206,613)</b>	<b>818,929</b>	<b>(49,133)</b>
<b>Fund balances (deficits), beginning</b>	<b>888,975</b>	<b>59,911</b>	<b>(37,868)</b>	<b>628,954</b>	<b>(142,547)</b>
<b>Fund balances (deficits), ending</b>	<b>\$ 610,706</b>	<b>\$ (1,000)</b>	<b>\$ (244,481)</b>	<b>\$ 1,447,883</b>	<b>\$ (191,680)</b>

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

<u>Capital Projects</u>	<u>Employee Benefits</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 1,286,307	\$ 175,658	\$ 9,798,256
0	49,849	33,790	5,130,107
0	0	0	786,634
0	0	0	123,896
1,135,259	0	10,221	4,293,553
0	0	6,983	1,469,105
1,182	4,189	2,648	200,578
63,950	0	217,325	430,630
<u>1,200,391</u>	<u>1,340,345</u>	<u>446,625</u>	<u>22,232,759</u>
0	0	74,826	8,900,098
0	0	622,670	3,490,816
0	0	179,149	3,860,364
0	0	30,340	454,933
0	0	0	2,420
0	0	0	1,293,138
57,989	0	0	2,016,234
15,879	0	0	1,802,276
4,288,778	0	0	4,288,778
<u>4,362,646</u>	<u>0</u>	<u>906,985</u>	<u>26,109,057</u>
<u>(3,162,255)</u>	<u>1,340,345</u>	<u>(460,360)</u>	<u>(3,876,298)</u>
1,000,000	0	0	1,000,000
3,350,000	0	0	3,350,000
11,718	0	0	11,718
0	0	663,900	7,608,995
(365,547)	\$ (1,340,345)	(300,803)	(7,133,759)
<u>3,996,171</u>	<u>(1,340,345)</u>	<u>363,097</u>	<u>4,836,954</u>
833,916	0	(97,263)	960,656
1,442,321	49	275,633	3,115,428
<u>\$ 2,276,237</u>	<u>\$ 49</u>	<u>\$ 178,370</u>	<u>\$ 4,076,084</u>

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, 2008**

Net change in fund balances--total governmental funds	\$	960,656
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.		(408,843)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,150
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.		(2,259,366)
Premium/discount on issuance of general obligation bonds		(25,287)
Contribution of capital assets		807,000
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	11,865	
Adjustment to bond interest payable	<u>122,612</u>	134,477
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.		<u>(107,937)</u>
Changes in net assets of governmental activities	\$	<u>(898,150)</u>

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, 2008

	Business Type Activities - Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Recplex	Parking	Flint Hills Golf Course		
<b>Assets</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 56,756	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,756	\$ 3,272
<b>Receivables:</b>							
Accounts	85,388	7,887	6,695	2,170	0	102,140	18,150
Intergovernmental	0	0	0	0	0	0	196,837
Due from other funds	1,229,057	0	0	0	0	1,229,057	933,052
Inventories	0	0	0	0	18,526	18,526	87,848
Prepaid contracts	32,572	15,021	6,654	1,967	4,501	60,715	9,437
<b>Total current assets</b>	<b>1,403,773</b>	<b>22,908</b>	<b>13,349</b>	<b>4,137</b>	<b>23,027</b>	<b>1,467,194</b>	<b>1,248,596</b>
<b>Noncurrent assets:</b>							
<b>Capital assets:</b>							
Land and Work in Progress	257,331	0	262,980	129,162	6,400	655,873	0
Buildings, infrastructure, and equipment, net	27,944,084	355,051	2,797,717	686,842	211,579	31,995,273	769,701
<b>Total noncurrent assets</b>	<b>28,201,415</b>	<b>355,051</b>	<b>3,060,697</b>	<b>816,004</b>	<b>217,979</b>	<b>32,651,146</b>	<b>769,701</b>
<b>Total assets</b>	<b>\$29,605,188</b>	<b>\$377,959</b>	<b>\$3,074,046</b>	<b>\$820,141</b>	<b>\$ 241,006</b>	<b>\$34,118,340</b>	<b>\$ 2,018,297</b>
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Accounts payable	\$ 170,767	\$ 68,276	\$ 37,288	\$ 5,636	\$ 28,331	\$ 310,298	\$ 178,353
Claims payable	0	0	0	0	0	0	179,269
Due to other funds	110,658	231,593	640,930	212,568	603,736	1,799,485	1,553,282
Unearned revenue	254,109	84,100	0	3,120	0	341,329	0
Bond interest payable	26,027	501	0	0	0	26,528	2,034
Current portion of long-term obligations	468,946	19,198	4,470	514	3,039	496,167	30,867
<b>Total current liabilities</b>	<b>1,030,507</b>	<b>403,668</b>	<b>682,688</b>	<b>221,838</b>	<b>635,106</b>	<b>2,973,807</b>	<b>1,943,805</b>
<b>Noncurrent liabilities:</b>							
Noncurrent portion of long-term obligations	7,310,243	144,708	13,409	1,541	9,118	7,479,019	605,434
<b>Total liabilities</b>	<b>8,340,750</b>	<b>548,376</b>	<b>696,097</b>	<b>223,379</b>	<b>644,224</b>	<b>10,452,826</b>	<b>2,549,239</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	20,559,571	212,918	3,060,697	816,004	217,979	24,867,169	159,067
<b>Restricted for:</b>							
Debt service	501,000	0	0	0	0	501,000	0
Asset acquisition	0	0	0	0	0	0	0
Unrestricted (deficit)	203,867	(383,335)	(682,748)	(219,242)	(621,197)	(1,702,655)	(690,009)
<b>Total net assets</b>	<b>21,264,438</b>	<b>(170,417)</b>	<b>2,377,949</b>	<b>596,762</b>	<b>(403,218)</b>	<b>23,665,514</b>	<b>(530,942)</b>
<b>Total liabilities and net assets</b>	<b>\$29,605,188</b>	<b>\$377,959</b>	<b>\$3,074,046</b>	<b>\$820,141</b>	<b>\$ 241,006</b>	<b>\$34,118,340</b>	<b>\$ 2,018,297</b>

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, 2008

	Business Type Activities - Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Recplex	Parking	Flint Hills Golf Course		
Operating revenues:							
Charges for services	\$ 0	\$ 1,218,442	\$ 457,403	\$ 63,771	\$ 397,405	\$ 2,137,021	\$ 2,932,419
Sewer Charges Pledged as Security for Revenue Bonds	3,952,836	0	0	0	0	3,952,836	0
Irrigation Surcharge	0	0	0	0	16,606	16,606	0
Other	4,796	0	1,262	0	799	6,857	33,523
<b>Total operating revenues</b>	<b>3,957,632</b>	<b>1,218,442</b>	<b>458,665</b>	<b>63,771</b>	<b>414,810</b>	<b>6,113,320</b>	<b>2,965,942</b>
Operating expenses:							
Personal services	1,440,316	414,080	243,673	57,151	210,391	2,365,611	673,519
Contractual services	715,377	629,450	117,390	37,575	74,035	1,573,827	1,696,038
Operating supplies	449,075	46,201	149,848	3,292	118,178	766,594	651,449
Depreciation	1,305,250	64,139	107,376	64,336	53,961	1,595,062	34,836
<b>Total operating expenses</b>	<b>3,910,018</b>	<b>1,153,870</b>	<b>618,287</b>	<b>162,354</b>	<b>456,565</b>	<b>6,301,094</b>	<b>3,055,842</b>
<b>Operating income (loss)</b>	<b>47,614</b>	<b>64,572</b>	<b>(159,622)</b>	<b>(98,583)</b>	<b>(41,755)</b>	<b>(187,774)</b>	<b>(89,900)</b>
Nonoperating revenues (expenses):							
Interest revenue	17,776	0	0	0	0	17,776	0
Interest expense	(330,103)	(9,448)	0	0	0	(339,551)	(27,561)
<b>Total nonoperating revenues (expenses)</b>	<b>(312,327)</b>	<b>(9,448)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(321,775)</b>	<b>(27,561)</b>
Net income (loss) before contributions and transfers	(264,713)	55,124	(159,622)	(98,583)	(41,755)	(509,549)	(117,461)
Capital contributions	386,000	0	0	0	0	386,000	0
Transfers in	0	0	62,643	0	0	62,643	35,000
Transfers out	(437,554)	(109,849)	0	0	0	(547,403)	(25,476)
<b>Change in net assets</b>	<b>(316,267)</b>	<b>(54,725)</b>	<b>(96,979)</b>	<b>(98,583)</b>	<b>(41,755)</b>	<b>(608,309)</b>	<b>(107,937)</b>
<b>Total net assets - beginning</b>	<b>21,580,705</b>	<b>(115,692)</b>	<b>2,474,928</b>	<b>695,345</b>	<b>(361,463)</b>	<b>24,273,823</b>	<b>(423,005)</b>
<b>Total net assets - ending</b>	<b>\$ 21,264,438</b>	<b>\$ (170,417)</b>	<b>\$ 2,377,949</b>	<b>\$ 596,762</b>	<b>\$ (403,218)</b>	<b>\$ 23,665,514</b>	<b>\$ (530,942)</b>

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

City of Burlington, Iowa  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008**

	Business Type Activities - Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Recplex	Parking	Flint Hills Golf Course		
Cash flows from operating activities:							
Receipts from customers	\$3,981,163	\$1,231,592	\$462,703	\$72,951	\$418,739	\$6,167,148	1,545,727
Payments to suppliers	(1,265,516)	(742,604)	(286,632)	(48,405)	(216,519)	(2,559,676)	(2,135,706)
Payments to employees	(1,351,831)	(356,210)	(227,309)	(55,851)	(189,911)	(2,181,112)	(572,572)
Internal activity-payments to (from) other funds	0	0	0	0	0	0	1,245,485
Claims paid to outsiders	0	0	0	0	0	0	(197,002)
Other receipts (payments)	4,796	0	1,262	0	799	6,857	24,884
<b>Net cash provided (used) by operating activities</b>	<b>\$1,368,612</b>	<b>\$132,778</b>	<b>\$(49,976)</b>	<b>\$(31,305)</b>	<b>\$13,108</b>	<b>\$1,433,217</b>	<b>\$(89,184)</b>
Cash flows from noncapital financing activities:							
Operating subsidies and transfers to other funds	\$ (437,554)	\$ (109,849)	\$ 0	\$ 0	\$ 0	\$ (547,403)	(25,476)
Operating subsidies and transfers from other funds	0	0	62,643	0	0	62,643	35,000
Proceeds (payments) from/to interfund accounts	(49,783)	214	(99)	31,305	40,095	21,732	127,645
<b>Net cash provided (used) by noncapital financing activities</b>	<b>\$(487,337)</b>	<b>\$(109,635)</b>	<b>\$62,544</b>	<b>\$31,305</b>	<b>\$40,095</b>	<b>\$(463,028)</b>	<b>\$137,169</b>
Cash flows from capital and related financing activities:							
Purchase of capital assets	\$ (90,787)	\$ 0	\$ (12,568)	\$ 0	\$ (53,203)	\$ (156,558)	\$ 0
Principal paid on capital debt	(423,377)	(14,113)	0	0	0	(437,490)	(19,535)
Interest paid on capital debt	(328,131)	(9,030)	0	0	0	(337,161)	(25,178)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>\$(842,295)</b>	<b>\$(23,143)</b>	<b>\$(12,568)</b>	<b>\$0</b>	<b>\$(53,203)</b>	<b>\$(931,209)</b>	<b>\$(44,713)</b>
Cash flows from investing activities:							
Interest received	\$ 17,776	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,776	\$ 0
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$56,756</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$56,756</b>	<b>\$3,272</b>
Balances - beginning of year	0	0	0	0	0	0	0
<b>Balances - end of year</b>	<b>\$56,756</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$56,756</b>	<b>\$3,272</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 47,614	\$ 64,572	\$(159,622)	\$(98,583)	\$ (41,755)	\$(187,774)	\$(89,900)
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities:							
Depreciation	1,305,250	64,139	107,376	64,336	53,961	1,595,062	34,836
Changes in assets and liabilities:							
Receivables, net	24,496	8,185	5,300	600	4,728	43,309	(149,845)
Inventories	0	0	0	0	265	265	(28,664)
Prepaid contracts	(967)	(55)	232	5	168	(617)	265
Accounts and other payables	(21,023)	(9,028)	(3,262)	(243)	(4,259)	(37,815)	144,124
Deferred revenue	13,242	4,965	0	2,580	0	20,787	0
<b>Net cash provided (used) by operating activities</b>	<b>\$1,368,612</b>	<b>\$132,778</b>	<b>\$(49,976)</b>	<b>\$(31,305)</b>	<b>\$13,108</b>	<b>\$1,433,217</b>	<b>\$(89,184)</b>
Noncash capital and related financing activities:							
Contribution of capital assets	\$ 386,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 386,000

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 3<sup>rd</sup> 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 one commercial airline as well as other air transportation and recreation services is offered to the regions of southeast Iowa and western Illinois.

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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 that 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 non-operating 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

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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 non-operating 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.

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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 *Replex 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.

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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. Reconciliations 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. The reconciliations 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.

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Investments are stated at their fair value or amortized cost. The Waterworks and the City invested in only certificates of deposit at June 30, 2008. GASB Statement 31 does not require fair value reporting for these types of investments. The SIRAA has investments at June 30, 2008 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.

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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, 2008 was certified on March 15, 2007 by the local taxing authority, Des Moines County, based on January 1, 2006 valuations establishing a lien date of March 15, 2007. 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, 2008 for the fiscal year beginning on July 1, 2008 are accrued as of June 30, 2008 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, 2008.

*Inventories and Prepaid Contracts*

City inventories are carried at cost using the first-in/first-out (FIFO) method. The Waterworks' inventory is valued at cost 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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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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:

<u>Assets</u>	<u>Threshold</u>
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:

<u>Assets</u>	<u>Years</u>
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:

<u>Assets</u>	<u>Years</u>
Land Improvements	14-38
Buildings and Improvements	10-39
Furniture and Equipment	5-7

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

<u>Assets</u>	<u>Years</u>
Distribution System	10-50
Land Improvements	15-30
Buildings and improvements	10-33
Furniture and Equipment	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. Compensatory time is scheduled time off on the same basis as overtime, however is accrued in lieu of overtime pay. 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.

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

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 expenditures. 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, 2008:

	<b>Deficit Balance</b>
Debt Service	\$ 1,000
Special Revenue:	
Road Use Tax	244,481
Tax Increment Financing	191,680
Community Development	89,642
Recreation	117,221
Airport Levy	39,044
Internal Service:	
Property Maintenance	238,758
Self Insurance	297,252
Enterprise:	
Solid Waste	170,417
Flint Hills Golf Course	403,218

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

### III. CASH AND INVESTMENTS

As of June 30, 2008, the carrying amount of the City's cash deposits, which includes certificates of deposit total \$349,751 with bank balances of \$873,934. 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, 2008, the carrying amount of deposits, related bank balances, and other cash, including fiduciary funds, were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	\$ 285,237	\$ 814,295
Certificates of Deposit	59,639	59,639
Petty Cash	4,875	0
	<hr/>	<hr/>
Total	\$ 349,751	\$ 873,934

The SIRAA's deposits at June 30, 2008 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, 2008, consisted of unrestricted cash of \$5,280. The cash balances are entirely from checking and savings deposits.

The Waterworks' carrying amount of deposits was \$1,685,912 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 \$318,450. Investments held by the foundation were as follows:

U. S. Agency obligations	\$ 287,355
Certificates of deposit	10,000
Corporate debt securities	384,938
Fixed income funds	623,373
Mutual funds	56,827
Equity securities	757,662
Equity funds	<u>574,493</u>
Total	\$ 2,694,648

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 or 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 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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

#### IV. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, is as follows:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
<b>Governmental activities:</b>				
Undepreciated:				
Land	\$ 2,048,374	\$ 0	\$ 0	\$ 2,048,374
Work-in-progress	1,184,670	28,698	1,184,670	28,698
Total, undepreciated	<u>3,233,044</u>	<u>28,698</u>	<u>1,184,670</u>	<u>2,077,072</u>
Depreciated:				
Land improvements	1,258,042	67,155	0	1,325,197
Infrastructure	39,539,258	1,185,435	0	40,724,693
Buildings	19,469,389	0	0	19,469,389
Building improvements	5,029,658	2,304,669	0	7,334,327
Fixtures and equipment	5,450,367	202,432	158,461	5,494,338
Vehicles	5,982,867	122,521	90,909	6,014,479
Total, depreciated	<u>76,729,581</u>	<u>3,882,212</u>	<u>249,370</u>	<u>80,362,423</u>
Accumulated depreciation:				
Land improvements	986,072	21,845	0	1,007,917
Infrastructure	8,967,417	949,778	0	9,917,195
Buildings	2,112,757	475,350	0	2,588,107
Building improvements	2,869,008	271,236	0	3,140,244
Fixtures and equipment	3,953,507	241,979	141,961	4,053,525
Vehicles	3,836,733	381,036	85,716	4,132,053
Total accumulated depreciation	<u>22,725,494</u>	<u>2,341,224</u>	<u>227,677</u>	<u>24,839,041</u>
Governmental activities fixed assets, net	<u>\$ 57,237,131</u>	<u>\$ 1,569,686</u>	<u>\$ 1,206,363</u>	<u>\$ 57,600,454</u>

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
<b>Business-type activities:</b>				
Undepreciated:				
Land	\$ 398,543	\$ 0	\$ 0	\$ 398,543
Work-in-progress	146,673	110,657	0	257,330
Total, undepreciated	<u>545,216</u>	<u>110,657</u>	<u>0</u>	<u>655,873</u>
Depreciated:				
Land improvements	2,257,761	0	0	2,257,761
Infrastructure	23,352,897	344,500	0	23,697,397
Buildings	25,313,523	0	0	25,313,523
Building improvements	2,376,479	0	0	2,376,479
Fixtures and equipment	2,282,130	208,885	72,348	2,418,667
Vehicles	1,493,787	0	0	1,493,787
Total, depreciated	<u>57,076,577</u>	<u>553,385</u>	<u>72,348</u>	<u>57,557,614</u>
Accumulated depreciation:				
Land improvements	1,467,350	78,435	0	1,545,785
Infrastructure	5,243,356	521,993	0	5,765,349
Buildings	14,210,697	610,382	0	14,821,079
Building improvements	563,640	119,219	0	682,859
Fixtures and equipment	1,539,679	155,407	61,522	1,633,564
Vehicles	1,004,079	109,626	0	1,113,705
Total accumulated depreciation	<u>24,028,801</u>	<u>1,595,062</u>	<u>61,522</u>	<u>25,562,341</u>
Business-type activities fixed assets, net	<u>\$ 33,592,992</u>	<u>\$ (931,020)</u>	<u>\$ 10,826</u>	<u>\$ 32,651,146</u>

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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

	<u>City of Burlington</u>
Governmental activities:	
Public Safety	\$ 419,817
Cultural and Recreation	638,494
Public Works	1,238,526
General government	44,387
Total depreciation expense - governmental activities	<u>\$ 2,341,224</u>
Business-type activities:	
Sewer	\$ 1,305,250
Solid waste	64,139
Recplex	107,376
Parking	64,336
Flint Hills golf course	53,961
Total depreciation expense - business-type activities	<u>\$ 1,595,062</u>

The following is a summary of capital assets for the Burlington Municipal Waterworks for the year ended June 30, 2008:

	<u>Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Undepreciated:				
Land	\$ 151,981	\$ 0	\$ 0	\$ 151,981
Depreciated:				
Land improvements	715,580	0	0	715,580
Buildings and filter equipment	2,258,749	5,434	0	2,264,183
Purification equipment	833,095	41,698	0	874,793
Power/pumping equipment	4,600,645	104,266	0	4,704,911
Distribution system and equipment	10,277,290	33,142	0	10,310,432
Furniture and fixtures	179,326	0	0	179,326
Vehicles	431,087	14,605	0	445,692
Total, depreciated	<u>19,295,772</u>	<u>199,145</u>	<u>0</u>	<u>19,494,917</u>
Accumulated depreciation:	10,212,993	511,864	-	10,724,857
Fixed assets, net	<u>\$ 9,234,760</u>	<u>\$ (312,719)</u>	<u>\$ 0</u>	<u>\$ 8,922,041</u>

The following is a summary of capital assets for the Southeast Iowa Regional Airport Authority for the year ended June 30, 2008:

	<u>Southeast Iowa Regional Airport Authority</u>
Land	\$ 1,684,326
Land Improvements	15,527,077
Buildings and Improvements	2,315,028
Furniture and Fixtures	<u>1,084,133</u>
Total	20,610,564
Accumulated Depreciation	<u>6,078,349</u>
Net	<u>\$ 14,532,215</u>

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**V. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:**

<i>Due to/from other funds:</i>		
Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 24,828
	Road use tax	347,592
	Tax increment financing	130,036
	Employee benefits	32,871
	Capital projects	877,043
Local option sales tax	General	169,136
	Flint Hills golf course	80,000
	Nonmajor, special revenue	177,803
Nonmajor, special revenue	Sewer	110,658
	Solid Waste	231,593
Capital projects	Parking	212,568
	RecPlex	640,930
Sewer	Flint Hills Golf Course	143,966
	Nonmajor, internal service	553,282
Nonmajor, internal service	Flint Hills Golf Course	379,770
		<u>\$ 4,112,076</u>

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 are treated as a transfer between those funds.

Interfund transfers for the year ended June 30, 2008 were as follows:

	Transfers In:					Total
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Recplex Fund	Internal Service Funds	
Transfers out:						
General Fund	\$ 0	\$ 30,900	\$ 663,900	\$ 0	\$ 35,000	\$ 729,800
Road use tax fund	272,806	126,477	0	0	0	399,283
Local option sales tax fund	2,691,155	71,400	0	0	0	2,762,555
Tax increment financing fund	50,000	1,185,426	0	0	0	1,235,426
Employee Benefit Fund	1,340,345	0	0	0	0	1,340,345
Nonmajor governmental funds	98,160	140,000	0	62,643	0	300,803
Sewer fund	437,554	0	0	0	0	437,554
Solid waste fund	109,849	0	0	0	0	109,849
Capital Projects	0	365,547	0	0	0	365,547
Internal Service Funds	22,406	3,070	35	0	0	25,511
	<u>\$ 5,022,275</u>	<u>\$ 1,922,820</u>	<u>\$ 663,935</u>	<u>\$ 62,643</u>	<u>\$ 35,000</u>	<u>\$ 7,706,673</u>

**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, 2008:

Governmental funds also record deferred (unavailable) revenue for revenues that have been earned but are not available to liquidate current liabilities. The

General	Succeeding Year Taxes	\$ 5,461,905
Debt Service	Succeeding Year Taxes	1,752,129
Tax Increment Financing	Succeeding Year Taxes	1,359,718
Tax Increment Financing	Bond deposit	21,650
Capital Projects	Bond deposit	34,750
Employee Benefits Fund	Succeeding Year Taxes	1,284,265
Other Governmental	Succeeding Year Taxes	179,591
Parking	Unearned Lease Charges	3,120
Sewer	Unearned Sewer Fees	254,109
Solid Waste	Unearned Trash Fees	84,100
		<u>\$ 10,435,337</u>

following funds had deferred (unavailable) revenues at June 30, 2008:

General	Accounts receivable	\$ 105,330
	Special assessments receivable	58,631
Debt Service	Intergovernmental receivable	4,480
Other Governmental	Accounts receivable	15
	Special assessments receivable	45,527
Capital Projects	Intergovernmental receivable	60,760
		<u>\$ 274,743</u>

The Waterworks had deferred revenue for unearned water fees of \$126,309 and the SIRAA had deferred revenue for unearned rent of \$10,337.

**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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

General obligation bonds as of June 30, 2008 consist of the following individual issues:

<u>Debt</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Balance June 30, 2008</u>
General corporate	09/01/97	\$ 4,500,000	4.80-5.25	\$ 760,000
General corporate	09/01/98	5,245,000	4.50-5.00	1,070,000
General corporate	09/01/98	950,000	6.40-6.80	625,000
General corporate	09/01/99	2,800,000	4.95-5.00	825,000
General corporate	07/16/01	540,000	4.20-4.50	205,000
General corporate	11/05/01	2,500,000	3.625-4.50	1,725,000
General corporate	06/01/02	4,400,000	4.25-4.40	4,300,000
General corporate	06/01/04	3,425,000	3.75-4.10	2,810,000
G. O. Sewer	07/01/03	5,000,000	2.50-4.00	4,900,000
Library Note	03/14/05	700,000	3.00	675,000
Community Field Note	05/23/05	425,000	4.15	256,927
Aquatic Center Note	04/29/05	1,800,000	6.00	1,763,858
G.O. Refunding	07/01/06	4,520,000	3.90-4.15	4,220,000
General corporate	07/18/05	5,000,000	3.50-4.00	5,000,000
General corporate	11/01/07	3,350,000	4.00	3,350,000
		<u>\$ 45,155,000</u>		<u>\$ 32,485,785</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	1,982,191	1,173,044	142,716	186,175	3,484,126
2010	3,715,115	1,084,404	132,832	183,230	5,115,581
2011	2,138,051	893,932	132,832	180,480	3,345,295
2012	2,303,280	806,808	188,768	177,480	3,476,336
2013	2,423,800	709,814	191,200	174,380	3,499,194
2014	2,325,152	608,076	394,848	171,130	3,499,206
2015	2,441,504	507,589	488,496	160,930	3,598,519
2016	2,402,856	401,117	507,144	147,280	3,458,397
2017	1,882,992	295,284	527,008	132,700	2,837,984
2018-2023	4,934,656	498,415	3,230,344	431,620	9,095,035
	<u>\$ 26,549,597</u>	<u>\$ 6,978,483</u>	<u>\$ 5,936,188</u>	<u>\$ 1,945,405</u>	<u>\$ 41,409,673</u>

*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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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Sewer revenue bonds as of June 30, 2008 consist of the following issues:

<u>Debt</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Balance June 30, 2008</u>
Sewer revenue	09/01/98	3,050,000	4.50-4.65	1,250,000
Sewer revenue	07/01/01	1,160,000	4.30-4.90	650,000
		<u>\$ 4,210,000</u>		<u>\$ 1,900,000</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	310,000	87,493	397,493
2010	325,000	73,713	398,713
2011	340,000	59,087	399,087
2012	355,000	43,572	398,572
2013	370,000	27,148	397,148
2014	200,000	9,800	209,800
	<u>\$ 1,900,000</u>	<u>\$ 300,813</u>	<u>\$ 2,200,813</u>

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.

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

*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 to 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.

The following provisions are included in the tax increment revenue bond indenture:

That the Debt Service Reserve shall be funded to a balance equal to the lesser of 1) the maximum amount of principal and interest becoming due on the bonds in any succeeding year, 2) 125% of the average amount of principal and interest becoming due on the bonds in any succeeding year, or 3) 10% of the principal amount of the bonds then outstanding. The amount reserved at June 30, 2008 under this bond provision is \$652,000.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	605,000	222,445	827,445
2018-2021	2,800,000	472,120	3,272,120
	<u>6,520,000</u>	<u>3,593,750</u>	<u>10,113,750</u>

*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 \$74,400. Note payment requirements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	74,400	5,580	79,980

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

On July 2, 2007 the city entered into a Physical Infrastructure Assistance Agreement with the Iowa Department of Economic Development (IDED). 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. The remaining balance on the note at June 30, 2008 is \$942,011. The City will make monthly payments of \$9,233.56 to IDIED until November 2017. Estimated principal and interest payments are as follows:

Year Ending June 30	Principal	Interest	Total
2009	91,813	18,990	110,803
2010	93,683	17,120	110,803
2011	95,590	15,213	110,803
2012	97,537	13,266	110,803
2013	99,522	11,281	110,803
2014	101,548	9,255	110,803
2015	103,614	7,189	110,803
2016	105,722	5,081	110,803
2017	107,873	2,930	110,803
2018	45,109	1,059	46,168
	<u>942,011</u>	<u>101,384</u>	<u>1,043,395</u>

*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, 2008.

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

	June 30, 2007	Additions	Retirements	June 30, 2008	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 25,177,377	\$ 3,350,000	\$ 1,977,780	\$ 26,549,597	\$ 1,982,191
Less: bond deferrals	(176,393)	0	(13,569)	(162,824)	(13,569)
Add: bond premiums	0	11,718	0	11,718	837
Notes payable	148,800	1,000,000	132,389	1,016,411	167,043
Urban Renewal Revenue	6,520,000	0	0	6,520,000	50,000
Compensated absences	1,030,840	0	12,261	1,018,579	254,645
<b>Total governmental activities</b>	<u>32,700,624</u>	<u>4,361,718</u>	<u>2,108,861</u>	<u>34,953,481</u>	<u>2,441,147</u>
<b>Business-type activities:</b>					
General obligation bonds	6,078,679	0	142,491	5,936,188	142,716
Less: bond deferrals	(56,562)	0	(4,351)	(52,211)	0
Sewer revenue bonds	2,195,000	0	295,000	1,900,000	310,000
Compensated absences	178,274	12,935	0	191,209	47,802
<b>Total business-type activities</b>	<u>8,395,391</u>	<u>12,935</u>	<u>433,140</u>	<u>7,975,186</u>	<u>500,518</u>
<b>Total long-term debt</b>	<u>\$ 41,096,015</u>	<u>\$ 4,374,653</u>	<u>\$ 2,542,001</u>	<u>\$ 42,928,667</u>	<u>\$ 2,941,665</u>

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

Subsequent Events. On July 1, 2008 the city sold \$3,455,000 of general obligation refunding bonds to refund general obligation bonds issued in 1997, 1998, 1999, and 2001. The bonds will also be used for downtown improvements and street construction. These bonds have an interest rate of 3.50% to 5.00% with a final payment date of June 1, 2018.

On July 1, 2008 the city sold \$2,165,000 of tax increment revenues bonds to provide Federal Mogul with an economic development incentive in coordination with the State of Iowa. Income tax withholding payments will be diverted from the State of Iowa to the City for repayment of these bonds. The bonds have an interest rate ranging from 4% to 5.80% with a final payment date of June 1, 2018.

On August 20, 2008 sewer revenue capital loan note of \$4,000,000 was entered into with the Iowa Finance Authority for the purpose of sewer system separation improvements. The notes have an interest rate of 3.00% with a final payment date of June 1, 2029.

**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, 2008 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Burlington Municipal Waterworks</u>	<u>Friends of The Public Library</u>
Public Safety:				
Donor restrictions	\$ 156,906	\$ 0	\$ 0	\$ 0
Cultural and Recreation:				
Donor restrictions	239,614	0	0	1,570,368
Hotel/motel taxes	21,724	0	0	0
Public Works:				
Donor restrictions	6,001	0	0	0
SSMID taxes	3,812	0	0	0
Other:				
Asset acquisition	1,000,000	0	0	0
Depreciation, extensions, and improvements	0	0	473,097	0
Debt service:				
Urban Renewal Revenue Bonds	652,000			
Sewer revenue bond sinking	0	501,000	0	0
Water revenue bond retirement	0	0	36,395	0
Total	<u>\$ 2,080,057</u>	<u>\$ 501,000</u>	<u>\$ 509,492</u>	<u>\$ 1,570,368</u>

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The balances of the restricted asset accounts as of June 30, 2008 are as follows:

	<u>Business-type Activities</u>	<u>Burlington Municipal Waterworks</u>
Restricted assets, cash and cash equivalents	\$ 0	\$ 509,059
Restricted assets, interest receivable	<u>0</u>	<u>433</u>
Total	<u>\$ 0</u>	<u>\$ 509,492</u>

## IX. RETIREMENT SYSTEMS

### Iowa Public Employees Retirement System (IPERS)

The City of Burlington, the Burlington Municipal Waterworks, 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 3.90% of their annual covered salary and the City, the Waterworks, and the SIRAA are required to contribute 6.05% of annual covered payroll. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006, were \$384,491, \$349,321, and \$339,158, respectively, equal to the required contributions for each year. The Waterworks contributions to IPERS for the years ended June 30, 2008, 2007, and 2006, were \$5,662, \$2,609, and \$1,994, respectively. The SIRAA's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006, were \$5,726, \$5,128, and \$5,666, 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 may be obtained by writing to MFPRSI, 2836 104<sup>th</sup> Street, Urbandale, Iowa 50322.

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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 2007-2008 the City's contribution rate was 25.50%. Contribution requirements are established by State statute. The City's contributions to MFPRSI for the years ended June 30, 2008, 2007, and 2006 were \$1,045,783, \$1,084,702, and \$1,092,906, 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 \$47,600, \$49,000, and \$48,600, net of forfeitures, to the plan for the years ended June 30, 2008, 2007, and 2006, 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 \$67,478,692 for buildings and contents are provided over and above

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Claims payable, beginning of year	\$ 121,221	\$ 151,576
Incurred claims and other adjustments (including IBNR)	212,348	157,132
Claim payments	<u>(154,300)</u>	<u>(187,487)</u>
Claims payable, end of year	<u>\$ 179,269</u>	<u>\$ 121,221</u>

**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 \$265,771 in recycling fees and \$213,053 in landfill charges in fiscal year 2008.

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 \$49,131 and the Waterworks contributed \$5,299 in fiscal year 2008 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, 2008 the outstanding balance due the city was \$265,000.

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**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, 2008, the City has not received any cash 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 \$4,554,994.

The City has outstanding commitments for purchase orders that have been issued to various vendors. For budgetary purposes, these commitments are considered encumbrances. The City's encumbrances at June 30, 2007 totaled \$558,866.

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. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* issued June 2004, will be effective for the City for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local government employers.

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

Statement No. 51, *Accounting and Reporting for Intangible Assets* issued June 2007, will be effective for the fiscal year ending June 30, 2010. This statement establishes standards for the accounting and financial reporting for intangible assets.

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

Statement No. 53, *Accounting and Reporting for Derivative Instruments* issued June 2008, will be effective for the fiscal year ending June 30, 2010. This statement establishes standards for the recognition, disclosure, and measurement or derivative instruments.

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(Budget Basis)  
Governmental Funds and Proprietary Funds

Required Supplementary Information

For the Year Ended June 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final To Actual Variance
				Original	Final	
Resources (inflows):						
Property taxes	\$ 8,432,782	\$ 0	\$ 8,432,782	\$ 8,420,461	\$ 8,420,461	\$ (12,321)
Tax Increment Revenues	1,365,474	0	1,365,474	1,370,705	1,370,705	5,231
Other taxes	5,100,616	0	5,100,616	4,427,736	4,827,736	(272,880)
Licenses and permits	821,217	0	821,217	473,890	473,890	(347,327)
Intergovernmental revenue	4,250,353	0	4,250,353	2,709,184	5,099,184	848,831
Charges for services	1,484,814	9,147,883	10,632,697	11,597,714	11,597,714	965,017
Use of money and property	200,157	47,227	247,384	210,000	210,000	(37,384)
Miscellaneous	565,676	0	565,676	3,498,429	3,499,429	2,933,753
Special Assessments	29,491	0	29,491	0	0	(29,491)
<b>Total Receipts</b>	<b>22,250,580</b>	<b>9,195,110</b>	<b>31,445,690</b>	<b>32,708,119</b>	<b>35,499,119</b>	<b>4,053,429</b>
Disbursements:						
Public Safety	8,880,224	0	8,880,224	8,452,415	8,652,415	(227,809)
Public Works	3,775,604	0	3,775,604	3,500,233	3,700,233	(75,371)
Health and Social Services	2,420	0	2,420	1,500	2,500	80
Culture and Recreation	3,465,182	0	3,465,182	3,216,375	3,341,375	(123,807)
Community and Economic Development	361,991	0	361,991	475,445	520,445	158,454
General Government	1,306,826	0	1,306,826	1,411,842	1,411,842	105,016
Debt Service	3,881,845	0	3,881,845	3,924,824	4,003,024	121,179
Capital Projects	4,715,257	0	4,715,257	7,054,170	7,054,170	2,338,913
Business Type Activities	0	8,601,555	8,601,555	8,469,849	10,113,249	1,511,694
<b>Total Disbursements</b>	<b>26,389,349</b>	<b>8,601,555</b>	<b>34,990,904</b>	<b>36,506,653</b>	<b>38,799,253</b>	<b>3,808,349</b>
Excess(deficiency) of receipts over (under) disbursements	(4,138,769)	593,555	(3,545,214)	(3,798,534)	(3,300,134)	245,080
Other financing sources (uses):						
Bond proceeds	4,463,259		4,463,259	2,623,434	5,973,434	1,510,175
Transfers in	7,891,454	62,643	7,954,097	8,073,627	8,073,627	119,530
Transfers out	(7,314,204)	(639,893)	(7,954,097)	(8,073,627)	(8,073,627)	(119,530)
Other financing sources (uses)	5,040,509	(577,250)	4,463,259	2,623,434	5,973,434	1,510,175
Excess(deficiency) of receipts and other financing sources over(under) disbursements and other financing uses	901,740	16,305	918,045	(1,175,100)	2,673,300	1,755,255
Balances beginning of year	1,247,999	2,047,927	3,295,926	3,612,230	3,612,230	316,304
Balances end of Year	\$ 2,149,739	\$ 2,064,232	\$ 4,213,971	\$ 2,437,130	\$ 6,285,530	\$ 2,071,559

City of Burlington, Iowa

**Explanation of Differences Between Budgetary  
Basis and GAAP Basis Revenues and Expenditures  
for the Governmental Funds  
For the Year Ended June 30, 2008**

**Revenues and other financing sources:**

Actual amount of "total revenues and other financing sources" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 34,605,293
On a budgetary basis, the City records deposits received on general obligation bond issues as other financing sources	(56,400)
Internal Service fund debt service is recorded in the governmental funds on a budget basis	<u>(345,421)</u>
Total GAAP basis revenues and other financing sources for the governmental funds	<u><u>\$ 34,203,472</u></u>

**Expenditures and other financing uses:**

Actual amount of "expenditures and other financing uses" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 33,703,553
On a budgetary basis, encumbrances are reported as fund expenses.	210,309
On a budgetary basis, contractor retainages are not recorded as expenditures or payables.	25,033
On a budgetary basis, capital projects for water and sewer construction are recorded in the Capital Projects fund. On a GAAP basis, this activity is recorded in the related enterprise fund as assets. Related bond proceeds are recorded as enterprise fund debt and an interfund liability. Fund transfers between the Capital Projects fund and the enterprise funds are eliminated.	(110,658)
Transfers from enterprise funds to the Debt Service fund for bond principal and interest payments are reported as transfers in on a budgetary basis. These transfers are eliminated and the debt payments are recorded directly in the enterprise fund on a GAAP basis	(345,421)
Refund of deposits held on hand is recorded as an expenditure on a budgetary basis.	<u>(240,000)</u>
Total GAAP basis expenditures and other financing uses for the governmental funds	<u><u>\$ 33,242,816</u></u>

The notes to the required supplementary information are an integral part of this schedule.

**City of Burlington, Iowa**

**Explanation of Differences Between Budgetary  
Basis and GAAP Basis Revenues and Expenses  
for the Proprietary Funds  
For the Year Ended June 30, 2008**

**Revenues and other financing sources:**

Actual amount of "total revenues and other financing sources" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 9,257,753
On a budgetary basis, the City reports Burlington Waterworks revenues.	(3,061,787)
Contributions of capital are not reported on a budgetary basis.	386,000
On a budgetary basis, revenues are recorded when they are available as current financial resources.	<u>(2,227)</u>
Total GAAP basis revenues, nonoperating revenues, and transfers in	<u>\$ 6,579,739</u>

**Expenditures and other financing uses:**

Actual amount of "expenditures and other financing uses" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 9,241,448
On a budgetary basis, the City reports Burlington Waterworks expenses.	(3,136,696)
On a budgetary basis, depreciaton on capital assets is not recorded as an expense, however capital outlay is.	1,438,504
On a budgetary basis, encumbrances are reported as fund expenses.	79,889
Transfers from enterprise funds to the Debt Service fund for bond principal and interest payments are reported as transfers in on a budgetary basis. These transfers are eliminated and the debt payments are recorded directly in the enterprise fund on a GAAP basis.	(437,490)
On a budgetary basis, accrued bond interest and bond discount and premium amortizations are not recorded.	<u>2,393</u>
Total GAAP basis expenses, nonoperating expenses, and transfers out	<u>\$ 7,188,048</u>

The notes to the required supplementary information are an integral part of this schedule.

JUNE 30, 2008

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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 one budget amendment for the fiscal year ended June 30, 2008 for a total of \$2,292,600. The budget amendment included increases in expenditures including police and fire overtime wages, fuel expenditures, snow removal expenditures, hotel/motel distributions, and other miscellaneous items. The most significant item was a \$1,520,000 increase in expenditures for an economic development incentive program for Dresser Rand.

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

JUNE 30, 2008

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control purposes. Encumbrances and expenditures/expenses are compared to budget appropriations according to the nine general function designations.

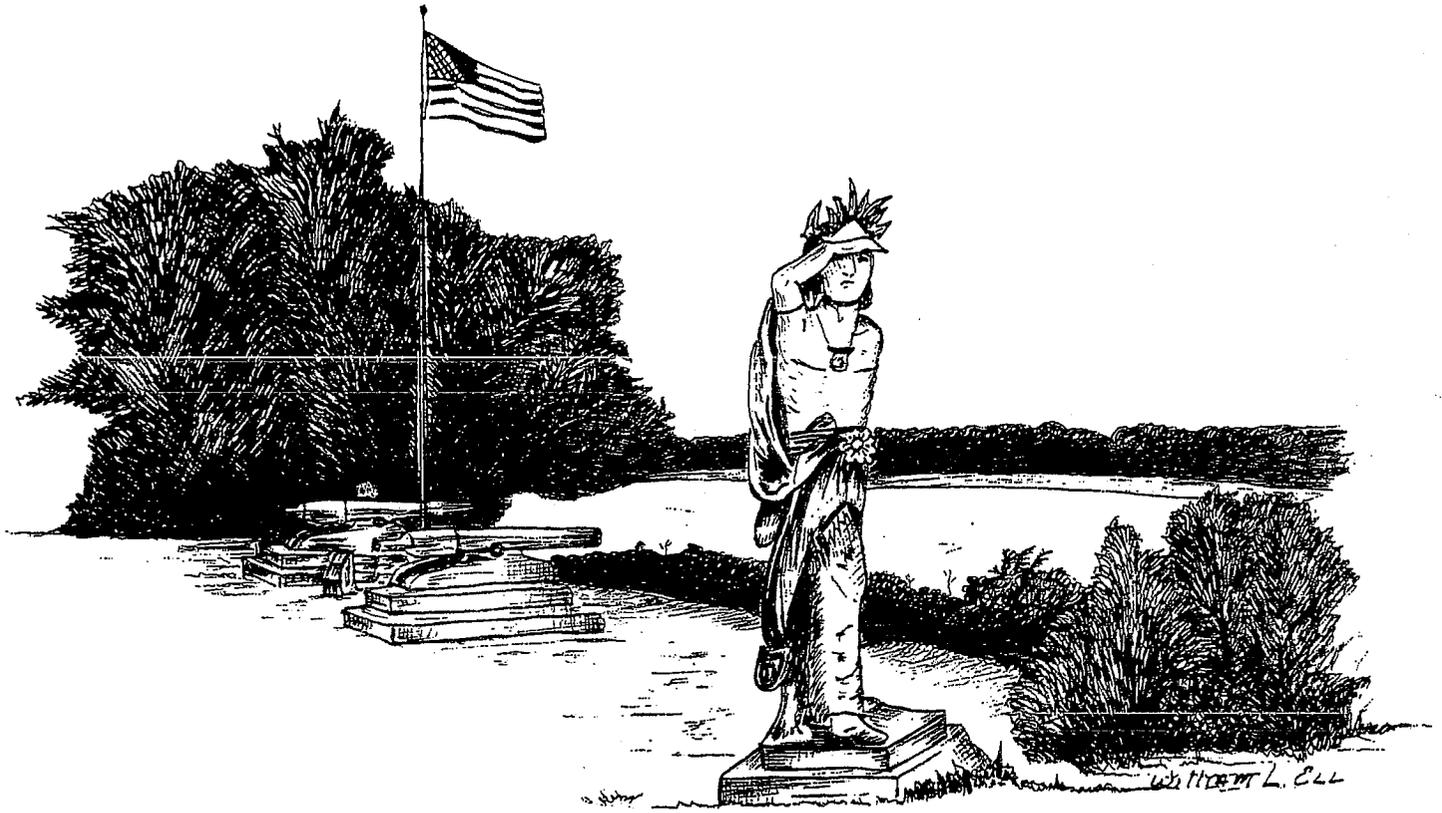
For budgetary purposes, encumbrances are recognized as a valid and proper charge against the budget appropriations in the year in which the commitment was issued. Encumbrances do not lapse at yearend and provide authorization for expenditure in the following year. Unencumbered appropriations, other than amounts appropriated for capital projects, lapse at yearend. 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, 2008, disbursements in the Public Safety, Cultural and Recreation, and Public Works 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.

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**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.

**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.

City of Burlington, Iowa  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2008**

	<u>Special Revenue</u>				
	<u>Hotel/Motel Tax</u>	<u>Special Assessments</u>	<u>Community Development</u>	<u>Recreation</u>	<u>Equipment Replacement</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 29,466	\$ 29,672	\$ 0	\$ 0	\$ 5,424
Receivables:					
Taxes	0	0	0	0	0
Accounts	0	0	0	1,290	742
Special assessments	0	45,920	0	0	0
Due from Other Funds	169,136	0	0	0	0
Prepaid contracts	0	0	0	0	0
<b>Total assets</b>	<b><u>\$ 198,602</u></b>	<b><u>\$ 75,592</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 1,290</u></b>	<b><u>\$ 6,166</u></b>
<b>Liabilities and fund balances (deficits)</b>					
<b>Liabilities</b>					
Accounts payable	\$ 176,878	\$ 0	\$ 30,340	\$ 10	\$ 420
Due to other funds	0	0	59,302	118,501	0
Deferred revenue	0	45,527	0	0	15
<b>Total liabilities</b>	<b><u>176,878</u></b>	<b><u>45,527</u></b>	<b><u>89,642</u></b>	<b><u>118,511</u></b>	<b><u>435</u></b>
<b>Fund balances (deficits)</b>					
Reserved for encumbrances	0	0	0	0	0
Unreserved, undesignated	21,724	30,065	(89,642)	(117,221)	5,731
<b>Total fund balances (deficits)</b>	<b><u>21,724</u></b>	<b><u>30,065</u></b>	<b><u>(89,642)</u></b>	<b><u>(117,221)</u></b>	<b><u>5,731</u></b>
<b>Total liabilities and fund balances (deficits)</b>	<b><u>\$ 198,602</u></b>	<b><u>\$ 75,592</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 1,290</u></b>	<b><u>\$ 6,166</u></b>

<u>Bridge</u>	<u>Airport Levy</u>	<u>Downtown SSMID District</u>	<u>Special Contribution</u>	<u>Total Governmental Funds</u>
\$ 20,413	\$ 14,346	\$ 35,287	\$ 87,492	\$ 222,100
0	117,438	66,755	0	184,193
0	0	0	116	2,148
0	0	0	0	45,920
0	0	0	257,803	426,939
0	828	0	0	828
<u>\$ 20,413</u>	<u>\$ 132,612</u>	<u>\$ 102,042</u>	<u>\$ 345,411</u>	<u>\$ 882,128</u>
\$ 847	\$ 57,057	\$ 33,238	\$ 2,032	\$ 300,822
0	0	0	0	177,803
0	114,599	64,992	0	225,133
<u>847</u>	<u>171,656</u>	<u>98,230</u>	<u>2,032</u>	<u>703,758</u>
0	0	0	0	0
19,566	(39,044)	3,812	343,379	178,370
<u>19,566</u>	<u>(39,044)</u>	<u>3,812</u>	<u>343,379</u>	<u>178,370</u>
<u>\$ 20,413</u>	<u>\$ 132,612</u>	<u>\$ 102,042</u>	<u>\$ 345,411</u>	<u>\$ 882,128</u>

City of Burlington, Iowa

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2008

	<u>Special Revenue</u>				
	<u>Hotel/Motel Tax</u>	<u>Special Assessments</u>	<u>Community Development</u>	<u>Recreation</u>	<u>Equipment Replacement</u>
Revenues:					
Property taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other taxes and assessments	0	29,491	0	0	0
Intergovernmental	0	0	0	0	8,829
Charges for services	0	0	0	0	0
Use of money and property	107	0	0	0	19
Other	0	0	1,180	0	0
<b>Total revenues</b>	<u>107</u>	<u>29,491</u>	<u>1,180</u>	<u>0</u>	<u>8,848</u>
Expenditures:					
Current operating:					
Public Safety	0	0	0	0	5,341
Culture and Recreation	467,708	0	0	0	0
Public Works	0	0	0	0	0
Community and Economic Development	0	0	30,340	0	0
<b>Total expenditures</b>	<u>467,708</u>	<u>0</u>	<u>30,340</u>	<u>0</u>	<u>5,341</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(467,601)</u>	<u>29,491</u>	<u>(29,160)</u>	<u>0</u>	<u>3,507</u>
Other financing sources (uses):					
Transfers in	663,900	0	0	0	0
Transfers out	(287,643)	0	0	0	0
<b>Total other financing sources and uses</b>	<u>376,257</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(91,344)	29,491	(29,160)	0	3,507
Fund balances (deficits), beginning	113,068	574	(60,482)	(117,221)	2,224
<b>Fund balances (deficits), ending</b>	<u>\$ 21,724</u>	<u>\$ 30,065</u>	<u>\$ (89,642)</u>	<u>\$ (117,221)</u>	<u>\$ 5,731</u>

<u>Bridge</u>	<u>Airport Levy</u>	<u>Downtown SSMID District</u>	<u>Special Contribution</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 110,929	\$ 64,729	\$ 0	\$ 175,658
0	4,299	0	0	33,790
0	0	0	1,392	10,221
6,983	0	0	0	6,983
147	0	0	2,375	2,648
0	0	0	216,145	217,325
<u>7,130</u>	<u>115,228</u>	<u>64,729</u>	<u>219,912</u>	<u>446,625</u>
0	0	0	69,485	74,826
13,552	0	0	141,410	622,670
0	114,420	64,729	0	179,149
0	0	0	0	30,340
<u>13,552</u>	<u>114,420</u>	<u>64,729</u>	<u>210,895</u>	<u>906,985</u>
<u>(6,422)</u>	<u>808</u>	<u>0</u>	<u>9,017</u>	<u>(460,360)</u>
0	0	0	0	663,900
0	0	0	(13,160)	(300,803)
0	0	0	(13,160)	363,097
(6,422)	808	0	(4,143)	(97,263)
<u>25,988</u>	<u>(39,852)</u>	<u>3,812</u>	<u>347,522</u>	<u>275,633</u>
<u>\$ 19,566</u>	<u>\$ (39,044)</u>	<u>\$ 3,812</u>	<u>\$ 343,379</u>	<u>\$ 178,370</u>

## **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.

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**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, 2008**

	<u>Property Maintenance</u>	<u>Vehicle Maintenance</u>	<u>Safety Coordination</u>	<u>Self Insurance</u>	<u>Miscellaneous Service</u>	<u>Total</u>
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,272	\$ 3,272
Receivables:						
Accounts	224	0	11,232	6,694	0	18,150
Intergovernmental	0	94,857	0	0	101,980	196,837
Due from other funds	0	0	0	0	933,052	933,052
Inventories	0	87,848	0	0	0	87,848
Prepaid contracts	3,563	5,874	0	0	0	9,437
<b>Total current assets</b>	<b>3,787</b>	<b>188,579</b>	<b>11,232</b>	<b>6,694</b>	<b>1,038,304</b>	<b>1,248,596</b>
<b>Noncurrent assets:</b>						
<b>Capital assets:</b>						
Buildings, infrastructure, and equipment, net	142,353	624,732	2,616	0	0	769,701
<b>Total noncurrent assets</b>	<b>142,353</b>	<b>624,732</b>	<b>2,616</b>	<b>0</b>	<b>0</b>	<b>769,701</b>
<b>Total assets</b>	<b>\$ 146,140</b>	<b>\$ 813,311</b>	<b>\$ 13,848</b>	<b>\$ 6,694</b>	<b>\$ 1,038,304</b>	<b>\$ 2,018,297</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 14,480	\$ 108,394	\$ 5,128	\$ 4,251	\$ 46,100	\$ 178,353
Claims payable	0	0	0	179,269	0	179,269
Due to other funds	237,083	192,794	2,979	120,426	1,000,000	1,553,282
Bond interest payable	347	1,687	0	0	0	2,034
Current portion of long-term obligations	11,362	18,793	712	0	0	30,867
<b>Total current liabilities</b>	<b>263,272</b>	<b>321,668</b>	<b>8,819</b>	<b>303,946</b>	<b>1,046,100</b>	<b>1,943,805</b>
<b>Noncurrent liabilities:</b>						
Noncurrent portion of long-term obligations	121,626	481,673	2,135	0	0	605,434
<b>Total liabilities</b>	<b>384,898</b>	<b>803,341</b>	<b>10,954</b>	<b>303,946</b>	<b>1,046,100</b>	<b>2,549,239</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	\$ 38,119	118,332	2,616	0	0	159,067
Restricted for asset acquisition	0	0	0	0	0	0
Unrestricted (deficit)	(276,877)	(108,362)	278	(297,252)	(7,796)	(690,009)
<b>Total net assets</b>	<b>(238,758)</b>	<b>9,970</b>	<b>2,894</b>	<b>(297,252)</b>	<b>(7,796)</b>	<b>(530,942)</b>
<b>Total liabilities and net assets</b>	<b>\$ 146,140</b>	<b>\$ 813,311</b>	<b>\$ 13,848</b>	<b>\$ 6,694</b>	<b>\$ 1,038,304</b>	<b>\$ 2,018,297</b>
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

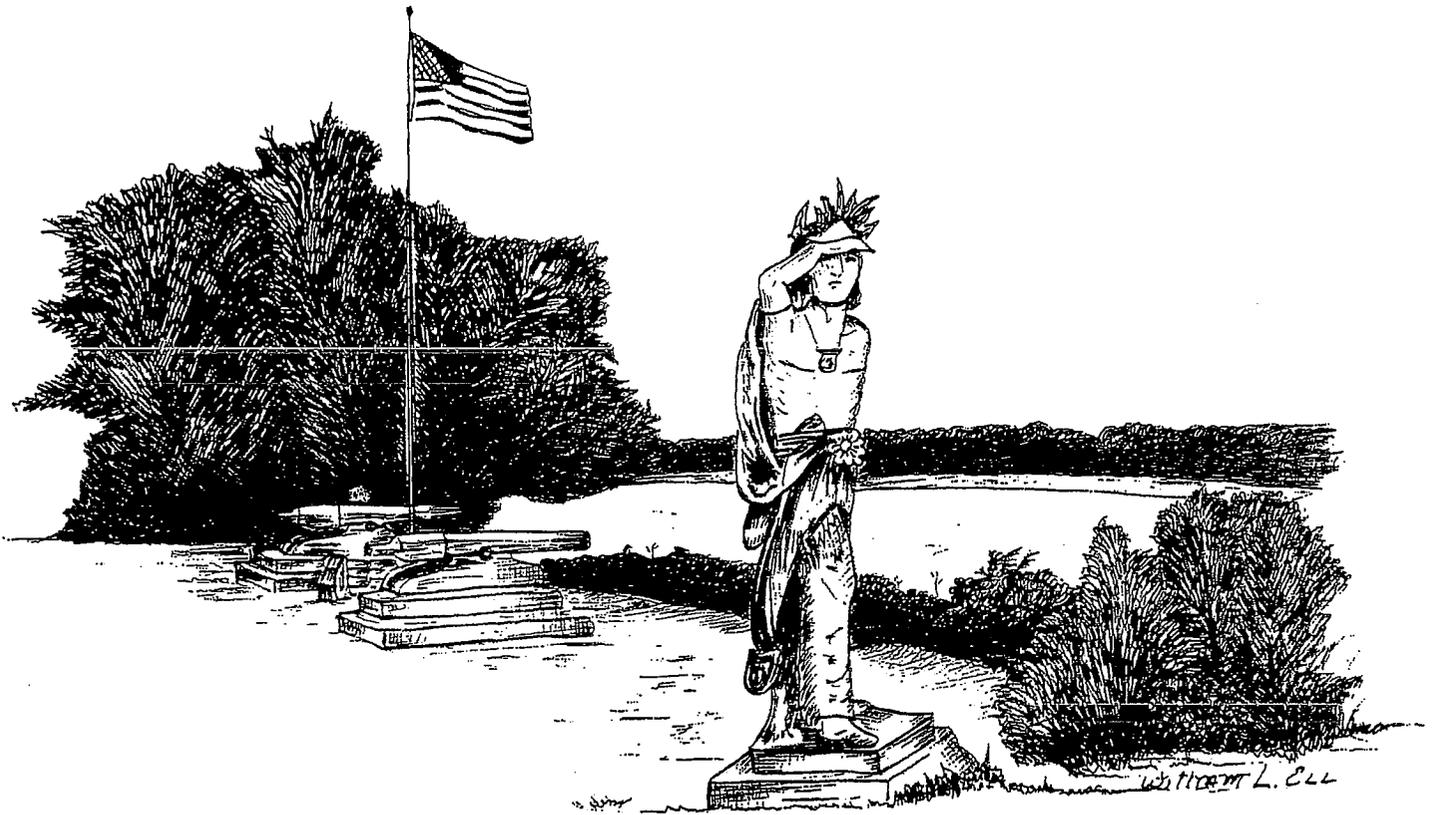
City of Burlington, Iowa

Combining Statement of Revenues, Expenses, and Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2008

	<u>Property Maintenance</u>	<u>Vehicle Maintenance</u>	<u>Safety Coordination</u>	<u>Self Insurance</u>	<u>Miscellaneous Service</u>	<u>Total</u>
Operating revenues:						
Charges for services	\$ 399,652	\$ 913,042	\$ 95,400	\$ 91,891	\$ 1,432,434	\$ 2,932,419
Other	0	24,884	0	8,639	0	33,523
Total operating revenues	<u>399,652</u>	<u>937,926</u>	<u>95,400</u>	<u>100,530</u>	<u>1,432,434</u>	<u>2,965,942</u>
Operating expenses:						
Personal services	331,566	209,106	81,215	51,632	0	673,519
Contractual services	48,024	20,109	6,734	204,271	1,416,900	1,696,038
Operating supplies	18,554	626,279	6,616	0	0	651,449
Depreciation	12,275	22,159	402	0	0	34,836
Total operating expenses	<u>410,419</u>	<u>877,653</u>	<u>94,967</u>	<u>255,903</u>	<u>1,416,900</u>	<u>3,055,842</u>
Operating income (loss)	<u>(10,767)</u>	<u>60,273</u>	<u>433</u>	<u>(155,373)</u>	<u>15,534</u>	<u>(89,900)</u>
Nonoperating revenues (expenses):						
Interest expense	(4,704)	(22,857)	0	0	0	(27,561)
Total nonoperating revenues (expenses)	<u>(4,704)</u>	<u>(22,857)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(27,561)</u>
Net income (loss) before contributions and transfers	(15,471)	37,416	433	(155,373)	15,534	(117,461)
Transfers in	0	0	0	35,000	0	35,000
Transfers Out	(4,345)	(21,131)	0	0	0	(25,476)
Change in net assets	(19,816)	16,285	433	(120,373)	15,534	(107,937)
Total net assets - beginning	<u>(218,942)</u>	<u>(6,315)</u>	<u>2,461</u>	<u>(176,879)</u>	<u>(23,330)</u>	<u>(423,005)</u>
Total net assets - ending	<u>\$ (238,758)</u>	<u>\$ 9,970</u>	<u>\$ 2,894</u>	<u>\$ (297,252)</u>	<u>\$ (7,796)</u>	<u>\$ (530,942)</u>

**City of Burlington, Iowa**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2008**

	<u>Property Maintenance</u>	<u>Vehicle Maintenance</u>	<u>Safety Coordination</u>	<u>Self Insurance</u>	<u>Miscellaneous Service</u>	<u>Totals</u>
<b>Cash flows from operating activities:</b>						
Receipts from customers	\$ 4,388	\$ 99,930	\$ 108,444	\$ 2,511	\$ 1,330,454	\$ 1,545,727
Payments to suppliers	(93,868)	(642,925)	(21,381)	0	(1,377,532)	(2,135,706)
Payments to employees	(304,046)	(191,766)	(76,760)	0	0	(572,572)
Internal activity-payments (to) from other funds	395,264	758,330	0	91,891	0	1,245,485
Claims paid to outsiders	0	0	0	(197,002)	0	(197,002)
Other receipts (payments)	0	24,884	0	0	0	24,884
<b>Net cash provided (used) by operating activities</b>	<u>1,738</u>	<u>48,453</u>	<u>10,303</u>	<u>(102,600)</u>	<u>(47,078)</u>	<u>(89,184)</u>
<b>Cash flows from noncapital financing activities:</b>						
Operating subsidies and transfers to other funds	(4,345)	(21,131)	0	0	0	(25,476)
Operating subsidies and transfers from other funds	0	0	0	35,000	0	35,000
Proceeds (payments) from/to interfund accounts	10,240	9,758	(10,303)	67,600	50,350	127,645
<b>Net cash provided (used) by noncapital financing activities</b>	<u>5,895</u>	<u>(11,373)</u>	<u>(10,303)</u>	<u>102,600</u>	<u>50,350</u>	<u>137,169</u>
<b>Cash flows from capital and related financing activities:</b>						
Principal paid on Capital Debt	(3,335)	(16,200)	0	0	0	(19,535)
Interest paid on capital debt	(4,298)	(20,880)	0	0	0	(25,178)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(7,633)</u>	<u>(37,080)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(44,713)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,272</u>	<u>3,272</u>
<b>Balances - beginning of year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balances - end of year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,272</u>	<u>\$ 3,272</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (10,767)	\$ 60,273	\$ 433	\$ (155,373)	\$ 15,534	\$ (89,900)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	12,275	22,159	402	0	0	34,836
Changes in assets and liabilities:						
Receivables, net	0	(54,781)	13,044	(6,128)	(101,980)	(149,845)
Inventories	0	(28,664)	0	0	0	(28,664)
Prepaid contracts	(31)	296	0	0	0	265
Accounts and other payables	261	49,170	(3,576)	58,901	39,368	144,124
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,738</u>	<u>\$ 48,453</u>	<u>\$ 10,303</u>	<u>\$ (102,600)</u>	<u>\$ (47,078)</u>	<u>\$ (89,184)</u>



# STATISTICAL SECTION



City of Burlington, Iowa

Statistical Section  
Contents

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain information to help the reader understand how the City's financial performance and well being have changed over time.	78
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	87
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	92
<b>Demographic and Economic Informaiton</b> These schedules offer demographic and economic indicators to help the reader understand the environment with which the City's financial activities take place.	99
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	102

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB 34 in fiscal year 2001; schedules presenting government-wide information include information beginning in that year.

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

Activity	Fiscal Year Ended June 30				
	2008	2007	2006	2005	2004
<b>Governmental Activities</b>					
Invested in Capital Assets, net of related debt	\$ 36,794,281	\$ 32,087,346	\$ 26,242,817	\$ 24,457,107	\$ 6,252,498
Restricted	2,080,057	644,761	498,028	394,133	699,833
Unrestricted	(12,756,557)	(5,716,176)	(880,509)	(1,442,056)	(542,790)
Total governmental activities net assets	<u>\$ 26,117,781</u>	<u>\$ 27,015,931</u>	<u>\$ 25,860,336</u>	<u>\$ 23,409,184</u>	<u>\$ 6,409,541</u>
<b>Business Type Activities</b>					
Invested in Capital Assets, net of related debt	\$ 24,867,169	\$ 25,375,875	\$ 26,089,607	\$ 27,046,807	\$ 25,770,720
Restricted	501,000	501,000	541,760	541,760	541,760
Unrestricted	(1,702,655)	(1,603,052)	(1,480,324)	(1,101,168)	1,259,248
Total business type activities net assets	<u>\$ 23,665,514</u>	<u>\$ 24,273,823</u>	<u>\$ 25,151,043</u>	<u>\$ 26,487,399</u>	<u>\$ 27,571,728</u>
<b>Primary Government</b>					
Invested in Capital Assets, net of related debt	\$ 61,661,450	\$ 57,463,221	\$ 52,332,424	\$ 51,503,914	\$ 32,023,218
Restricted	2,581,057	1,145,761	1,039,788	935,893	1,241,593
Unrestricted	(14,459,212)	(7,319,228)	(2,360,833)	(2,543,224)	716,458
Total primary government net assets	<u>\$ 49,783,295</u>	<u>\$ 51,289,754</u>	<u>\$ 51,011,379</u>	<u>\$ 49,896,583</u>	<u>\$ 33,981,269</u>

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.

<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 14,285,994	\$ 15,732,527	\$ 16,672,995
(253,347)	240,786	779,646
<u>(12,816,927)</u>	<u>(17,269,952)</u>	<u>(18,535,959)</u>
<u>\$ 1,215,720</u>	<u>\$ (1,296,639)</u>	<u>\$ (1,083,318)</u>
\$ 24,537,333	\$ 23,935,627	\$ 23,945,260
541,760	541,760	385,000
911,693	2,789,199	2,101,322
<u>\$ 25,990,786</u>	<u>\$ 27,266,586</u>	<u>\$ 26,431,582</u>
\$ 38,823,327	\$ 39,668,154	\$ 40,618,255
288,413	782,546	1,164,646
<u>(11,905,234)</u>	<u>(14,480,753)</u>	<u>(16,434,637)</u>
<u>\$ 27,206,506</u>	<u>\$ 25,969,947</u>	<u>\$ 25,348,264</u>

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

	Fiscal Year Ending June 30							
	2008	2007	2006	2005	2004	2003	2002	2001
<b>Expenses</b>								
Governmental activities:								
General government	\$ 1,314,315	\$ 1,525,097	\$ 1,466,664	\$ 1,468,785	\$ 1,221,354	\$ 1,289,403	\$ 1,505,665	\$ 1,525,069
Culture and Recreation	4,073,422	4,004,287	3,552,327	3,560,012	3,402,667	3,337,826	3,529,828	3,633,448
Public Safety	9,236,690	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	380,320	307,679	321,534	304,048	716,776	712,066	0	0
Health and Social Services	2,420	3,470	1,027	2,052	1,481	3,014	0	0
Capital Projects	2,559,567	3,674,836	4,767,471	3,493,235	882,424	2,380,881	0	0
Public works	8,118,733	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	1,720,794	1,457,941	1,180,074	1,059,329	1,071,052	1,127,628	971,490	934,088
<b>Total governmental activities expenses</b>	<b>27,406,261</b>	<b>26,593,474</b>	<b>26,828,660</b>	<b>23,955,201</b>	<b>21,010,694</b>	<b>20,963,190</b>	<b>19,492,964</b>	<b>18,505,570</b>
Business-type activities:								
Sewer	4,240,121	4,194,161	4,196,415	4,072,268	3,887,074	3,608,945	3,453,093	3,364,465
Solid waste	1,163,318	1,111,637	1,102,774	1,188,290	1,088,093	1,079,827	1,045,151	1,051,366
Recplex	618,287	595,717	527,352	520,097	508,042	478,823	440,750	446,065
Parking	162,354	164,361	143,453	137,152	134,993	144,608	138,438	170,939
Flint Hills golf course	456,565	480,494	500,965	536,944	534,187	489,245	505,722	482,186
<b>Total business-type activities expenses</b>	<b>6,640,645</b>	<b>6,546,370</b>	<b>6,470,959</b>	<b>6,454,751</b>	<b>6,152,389</b>	<b>5,801,448</b>	<b>5,583,154</b>	<b>5,515,011</b>
<b>Total primary government expenses</b>	<b>\$ 34,046,906</b>	<b>\$ 33,139,844</b>	<b>\$ 33,299,619</b>	<b>\$ 30,409,952</b>	<b>\$ 27,163,083</b>	<b>\$ 26,764,638</b>	<b>\$ 25,076,118</b>	<b>\$ 24,020,581</b>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services	\$ 18,824	\$ 171,294	\$ 125,216	\$ 0	\$ 0	\$ 27,629	\$ 84,375	\$ 114,437
General government	561,058	142,746	164,952	346,628	39,513	48,417	493,052	473,598
Culture and recreation	1,379,173	1,096,761	1,082,990	771,955	927,148	662,600	723,762	752,197
Public Safety	0	0	925	9,429	0	0	0	0
Community and Econ. Development	3,523,969	1,883,189	1,788,023	1,563,778	1,510,916	1,422,352	730,482	496,600
Public works	3,135,254	2,832,876	2,740,265	2,476,106	2,904,168	2,241,392	3,208,715	2,918,127
Operating Grants and Contributions	1,980,230	4,539,926	7,058,709	5,915,051	4,290,517	2,364,284	1,696,767	2,218,221
Capital grants and contributions	0	0	0	0	0	0	0	0
<b>Total governmental activities program revenue</b>	<b>\$ 10,598,508</b>	<b>\$ 10,666,792</b>	<b>\$ 12,961,080</b>	<b>\$ 11,082,947</b>	<b>\$ 9,672,262</b>	<b>\$ 6,766,674</b>	<b>\$ 6,937,153</b>	<b>\$ 6,973,180</b>
Business type activities:								
Charges for services:								
Sewer	\$ 3,952,636	\$ 3,790,169	\$ 3,282,090	\$ 3,096,581	\$ 3,016,446	\$ 2,839,264	\$ 2,787,391	\$ 2,742,991
Solid Waste	1,218,442	1,146,690	1,114,072	1,127,757	1,048,070	1,064,666	1,061,372	1,050,830
Recplex	457,403	123,916	83,818	81,097	80,793	81,462	61,726	59,590
Parking	63,771	36,573	39,163	36,076	36,778	36,065	38,117	46,284
Flint Hills golf course	414,011	200,303	207,782	209,340	197,677	186,944	146,822	217,299
Capital grants and contributions	386,000	292,049	275,206	727,233	3,066,811	251,724	495,736	2,633,939
<b>Total business type activities program revenues</b>	<b>\$ 6,492,463</b>	<b>\$ 5,589,680</b>	<b>\$ 5,002,131</b>	<b>\$ 5,278,084</b>	<b>\$ 7,446,575</b>	<b>\$ 4,460,125</b>	<b>\$ 4,591,164</b>	<b>\$ 6,750,933</b>
<b>Total primary government program revenues.</b>	<b>\$ 17,090,971</b>	<b>\$ 16,256,482</b>	<b>\$ 17,963,211</b>	<b>\$ 16,361,031</b>	<b>\$ 17,118,837</b>	<b>\$ 11,226,799</b>	<b>\$ 11,528,317</b>	<b>\$ 13,724,113</b>



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

Fund	Fiscal Year End June 30					
	2008 (1)	2007	2006	2005	2004	2003
General						
Reserved for Encumbrances	\$ -	\$ 31,345	\$ 54,657	\$ 11,641	\$ 53,548	\$ 63,570
Unreserved	610,706	857,630	878,067	894,764	1,017,109	1,264,231
Total General Fund	\$ 610,706	\$ 888,975	\$ 932,724	\$ 906,405	\$ 1,070,657	\$ 1,327,801
All Other Governmental Funds						
Reserved for Encumbrances	\$ -	\$ 17,602	\$ 75,560	\$ 9,884	\$ 86,053	\$ 70,154
Unreserved In:						
Debt service Fund	(1,000)	59,911	(169,158)	(166,201)	(140,249)	1,264,231
Special revenue funds	190,141	706,657	570,711	617,232	764,755	(431,833)
Capital Projects Funds	2,276,237	1,442,283	(383,977)	(1,132,112)	(322,393)	(1,521,170)
Total All Other Governmental Funds	\$ 2,465,378	\$ 2,226,453	\$ 93,136	\$ (671,197)	\$ 388,166	\$ (618,618)
Total All Governmental Funds	\$ 3,076,084	\$ 3,115,428	\$ 1,025,860	\$ 235,208	\$ 1,458,823	\$ 709,183

(1) Reserve for encumbrances eliminated in fiscal year 2008

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 70,258	\$ 141,627	\$ 222,464	\$ 79,479
<u>1,110,327</u>	<u>1,090,433</u>	<u>1,020,274</u>	<u>1,158,874</u>
\$ 1,180,585	\$ 1,232,060	\$ 1,242,738	\$ 1,238,353
\$ 312,433	\$ 339,901	\$ 100,503	\$ 107,410
(49,989)	(26,361)	14,988	22,361
91,834	554,577	1,939,909	2,280,949
<u>1,798,903</u>	<u>(1,845,014)</u>	<u>4,080,186</u>	<u>(972,997)</u>
\$ 2,153,181	\$ (976,897)	\$ 6,135,586	\$ 1,437,723
<u>\$ 3,333,766</u>	<u>\$ 255,163</u>	<u>\$ 7,378,324</u>	<u>\$ 2,676,076</u>

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

	Fiscal Year Ending June 30				
	2008	2007	2006	2005	2004
<b>Revenues:</b>					
Property taxes	\$ 9,798,256	\$ 9,585,099	\$ 9,706,907	\$ 9,240,703	\$ 8,592,113
Other taxes and assessments	5,130,107	4,685,584	4,427,377	4,182,801	4,305,038
Licenses and permits	786,634	310,543	324,326	260,275	219,816
Fines and forfeitures	123,896	108,916	92,629	92,958	102,293
Intergovernmental	4,293,553	4,805,047	5,720,967	2,989,316	3,593,726
Charges for services	1,469,105	1,517,622	1,488,086	1,425,570	1,465,067
Use of money and property	200,578	329,962	303,075	308,962	310,965
Other	430,630	1,127,200	1,016,001	578,515	1,621,280
<b>Total revenues</b>	<b>22,232,759</b>	<b>22,469,973</b>	<b>23,079,368</b>	<b>19,079,100</b>	<b>20,210,298</b>
<b>Expenditures:</b>					
<b>Current operating:</b>					
Public Safety	8,900,098	8,515,122	8,431,159	7,990,261	7,550,767
Culture and Recreation	3,490,816	3,443,628	3,281,080	3,234,453	3,098,643
Public Works	3,860,364	3,626,934	3,836,492	3,454,777	3,329,587
Community and Economic Development	454,933	303,682	315,418	231,124	524,932
Health and Social Services	2,420	3,470	1,027	2,052	1,481
General Government	1,293,138	1,242,467	1,184,274	1,285,467	1,138,810
<b>Debt service:</b>					
Principal	2,016,234	2,357,602	2,225,094	2,024,600	2,041,615
Interest and other charges	1,802,276	1,183,286	1,139,196	1,014,855	1,036,722
Capital outlay	4,288,778	6,641,559	7,312,284	4,278,342	3,419,463
<b>Total expenditures</b>	<b>26,109,057</b>	<b>27,317,750</b>	<b>27,726,024</b>	<b>23,515,931</b>	<b>22,142,020</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,876,298)</b>	<b>(4,847,777)</b>	<b>(4,646,656)</b>	<b>(4,436,831)</b>	<b>(1,931,722)</b>
<b>Other financing sources (uses):</b>					
Proceeds from notes payable	1,000,000	0	0	0	0
Proceeds from general obligation bonds net of bond discount/bond premium	3,361,718	6,454,800	4,937,507	2,925,000	1,827,613
Transfers in	7,608,995	8,152,912	7,131,640	6,998,729	6,797,721
Transfers out	(7,133,759)	(7,670,366)	(6,631,828)	(6,531,856)	(6,453,829)
<b>Total other financing sources and uses</b>	<b>4,836,954</b>	<b>6,937,346</b>	<b>5,437,319</b>	<b>3,391,873</b>	<b>2,171,505</b>
<b>Net change in fund balance</b>	<b>960,656</b>	<b>2,089,569</b>	<b>790,663</b>	<b>(1,044,958)</b>	<b>239,783</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>17.50%</b>	<b>17.13%</b>	<b>16.48%</b>	<b>15.80%</b>	<b>16.44%</b>

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.

2003	2002	2001	2000	1999
\$ 8,245,018	\$ 8,084,821	\$ 7,725,447	\$ 8,239,768	\$ 7,441,234
4,327,020	4,200,721	4,133,368	4,092,860	3,821,907
344,680	319,302	280,331	309,382	332,186
74,210	65,124	70,124	106,877	106,975
6,331,877	5,977,967	6,150,263	5,928,833	5,402,384
1,202,008	1,043,001	888,879	865,368	825,050
294,826	342,508	484,404	496,494	512,779
1,387,975	960,983	443,481	578,145	1,997,205
<u>22,207,614</u>	<u>20,994,427</u>	<u>20,176,297</u>	<u>20,617,727</u>	<u>20,439,720</u>
7,364,258				
3,284,973				
3,285,576				
703,826				
3,014				
1,253,311				
2,281,128				
1,097,877				
7,918,756				
<u>27,192,719</u>	<u>25,424,455</u>	<u>28,152,827</u>	<u>23,626,996</u>	<u>27,923,345</u>
<u>(4,985,105)</u>	<u>(4,430,028)</u>	<u>(7,976,530)</u>	<u>(3,009,269)</u>	<u>(7,483,625)</u>
0	0	0	0	0
2,203,250	7,272,139	0	5,275,227	6,069,261
6,591,101	6,886,569	7,474,388	8,298,081	7,193,561
<u>(6,116,347)</u>	<u>(6,322,345)</u>	<u>(6,931,919)</u>	<u>(5,770,225)</u>	<u>(6,442,461)</u>
<u>2,678,004</u>	<u>7,836,363</u>	<u>542,469</u>	<u>7,803,083</u>	<u>6,820,361</u>
<u>(2,307,101)</u>	<u>3,406,335</u>	<u>(7,434,061)</u>	<u>4,793,814</u>	<u>(663,264)</u>

17.53%

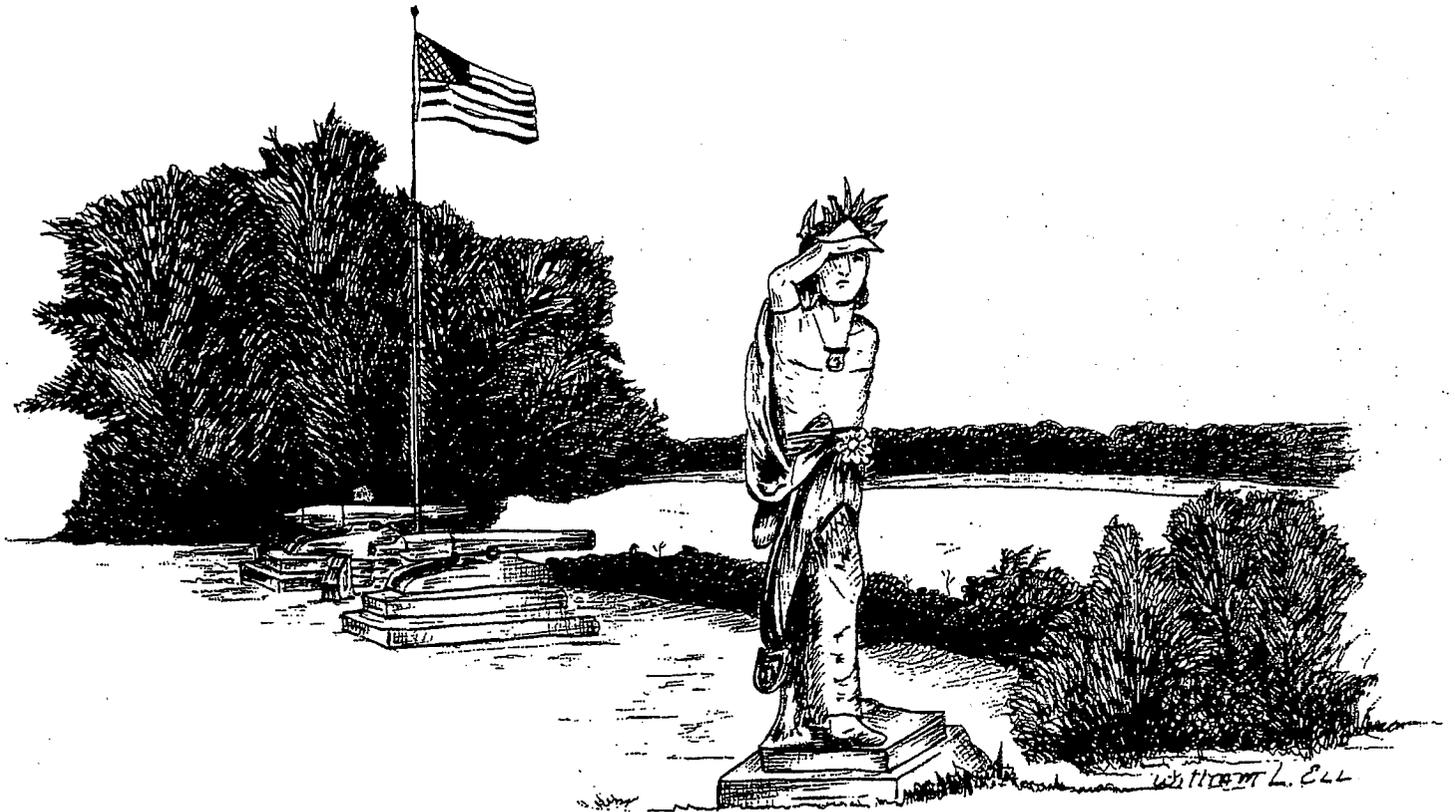
**City of Burlington, Iowa**

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

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Tax Increment Revenues</b>	<b>Local Option Sales Tax</b>	<b>Hotel/Motel Tax</b>	<b>Total All Taxes</b>
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
2008	8,432,783	1,365,473	3,671,507	663,900	14,133,663

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



City of Burlington, Iowa

Actual and Taxable Valuation  
Last Ten Fiscal Years

**Actual Valuation**

	As of January 1:					
	2006	2005	2004	2003	2002	2001
Residential	\$ 670,546,753	\$ 661,281,405	\$ 648,201,598	\$ 638,948,275	\$ 627,881,056	\$ 623,912,452
Agricultural land	1,440,510	1,619,367	1,397,977	1,367,127	1,975,080	2,229,005
Agricultural buildings	103,765	103,780	108,460	108,040	107,625	112,502
Commercial	190,687,821	192,116,644	191,298,473	183,565,011	172,873,480	169,054,432
Industrial	55,113,390	52,276,172	52,400,469	57,267,613	55,639,205	55,891,772
Personal/Real estate	0	0	0	0	0	6,876,354
Railroad	2,064,419	1,792,442	1,516,071	1,682,459	1,985,670	2,059,156
Utilities	3,943,387	5,149,950	4,782,920	4,488,137	5,297,421	4,885,266
Utility Reimburse	34,776,945	34,912,231	22,188,694	24,924,177	28,996,535	27,966,227
Other	0	0	0	0	0	506,300
Gross valuation	\$ 958,676,990	\$ 949,251,991	\$ 921,894,662	\$ 912,350,839	\$ 894,756,072	\$ 893,493,466
Less: Military exemption	3,760,484	3,838,452	-	-	-	4,519,996
Net valuation	\$ 954,916,506	\$ 945,413,539	\$ 921,894,662	\$ 912,350,839	\$ 894,756,072	\$ 888,973,470
Incremental value	36,554,199	34,468,312	34,978,222	36,444,742	29,806,623	29,903,510
Actual valuation	\$ 991,470,705	\$ 979,881,851	\$ 956,872,884	\$ 948,795,581	\$ 924,562,695	\$ 918,876,980
Percent change	1.183%	2.405%	0.851%	2.621%	0.619%	8.549%

**Taxable Valuation**

	As of January 1:					
	2006	2005	2004	2003	2002	2001
Residential	\$ 302,344,999	\$ 300,555,797	\$ 310,904,711	\$ 309,607,498	\$ 322,651,750	\$ 322,360,590
Agricultural land	1,440,510	1,619,367	1,397,977	1,367,127	1,975,080	2,229,005
Agricultural buildings	103,765	103,780	108,040	108,040	107,625	112,502
Commercial	190,687,821	190,280,895	191,298,473	182,201,123	172,873,480	165,296,369
Industrial	55,113,390	52,276,172	52,400,469	57,267,613	55,639,205	55,891,772
Personal/Real estate	0	0	0	0	0	6,876,354
Railroad	2,064,419	1,777,223	1,516,071	1,669,958	1,985,670	2,013,239
Utilities	3,943,387	5,142,950	4,782,920	4,488,137	5,297,421	4,885,266
Utility Reimburse	20,925,681	21,809,175	22,188,694	24,924,177	28,996,535	27,966,227
Other	0	0	0	0	0	506,300
Gross valuation	\$ 576,623,972	\$ 573,565,359	\$ 584,597,355	\$ 581,633,673	\$ 589,526,766	\$ 588,137,624
Less: Military exemption	3,760,484	3,827,340	3,969,898	4,318,457	4,399,923	4,519,996
Net valuation	\$ 572,863,488	\$ 569,738,019	\$ 580,627,457	\$ 577,315,216	\$ 585,126,843	\$ 583,617,628
Incremental value	36,554,199	34,457,200	34,978,222	36,444,742	29,806,623	29,903,510
Taxable valuation	\$ 609,417,687	\$ 604,195,219	\$ 615,605,679	\$ 613,759,958	\$ 614,933,466	\$ 613,521,138
Percent change	0.864%	-1.854%	0.301%	-0.191%	0.230%	1.059%

Total Direct Tax Rate      \$      14.9835      \$      14.8937      \$      14.7560      \$      14.2324      \$      13.2841      \$      13.1348

Taxable Valuation as a  
percentage of Actual  
Valuation

61.47%      61.66%      64.34%      64.69%      66.51%      66.77%

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.

2000	1999	1998	1997	1996
\$ 547,438,007	\$ 543,451,881	\$ 544,901,733	\$ 528,618,110	\$ 484,038,828
2,075,291	2,122,602	1,638,657	2,020,046	1,466,919
116,293	116,293	119,012	214,267	156,212
166,845,453	162,042,544	161,191,613	150,511,036	133,939,538
55,823,330	55,427,861	51,432,711	50,345,325	50,314,349
16,486,325	27,442,798	38,817,188	40,712,170	43,280,529
2,234,422	2,264,025	1,988,411	0	0
4,383,530	4,318,077	33,509,659	34,901,815	32,964,431
27,085,086	26,824,733	0	0	0
0	0	0	0	0
\$ 822,487,737	\$ 824,010,814	\$ 833,598,984	\$ 807,322,769	\$ 746,160,806
4,592,196	4,707,946	4,579,996	4,665,188	4,736,490
\$ 817,895,541	\$ 819,302,868	\$ 829,018,988	\$ 802,657,581	\$ 741,424,316
28,615,501	28,271,364	29,998,368	16,941,882	6,678,436
\$ 846,511,042	\$ 847,574,232	\$ 859,017,356	\$ 819,599,463	\$ 748,102,752
-0.125%	-1.332%	4.809%	9.557%	

2000	1999	1998	1997	1996
\$ 308,016,542	\$ 298,096,943	\$ 305,003,335	\$ 290,258,918	\$ 284,752,298
2,075,291	2,044,874	1,638,657	1,937,284	1,466,919
116,293	112,034	119,012	206,597	156,212
166,845,453	160,054,606	161,191,613	146,538,448	133,939,538
55,823,330	55,427,861	51,432,711	50,345,325	50,314,349
16,486,325	27,442,798	38,817,188	40,712,170	43,280,529
2,234,422	2,264,025	1,988,411	0	0
4,383,530	4,318,077	33,509,659	34,860,810	32,964,431
27,085,086	26,824,733	0	0	0
0	0	0	0	0
\$ 583,066,272	\$ 576,585,951	\$ 593,700,586	\$ 564,859,552	\$ 546,874,276
4,592,196	4,707,946	4,579,996	4,665,188	4,736,490
\$ 578,474,076	\$ 571,878,005	\$ 589,120,590	\$ 560,194,364	\$ 542,137,786
28,615,501	28,271,364	29,998,368	16,941,882	6,678,436
\$ 607,089,577	\$ 600,149,369	\$ 619,118,958	\$ 577,136,246	\$ 548,816,222
1.156%	-3.064%	7.274%	5.160%	
\$ 12.8171	\$ 12.4166	\$ 12.2815	\$ 12.1346	\$ 12.1326

71.72%

70.81%

72.07%

70.42%

73.36%

City of Burlington, Iowa

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

Fiscal Year	City Direct Rates				Overlapping Rates*			Percent of City of Burlington Levy to Total Levy
	General Fund	City of Burlington Debt Service	Other Levies	Total	Burlington School District Levy	Des Moines County Levies	Total Levy	
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%
2008	8.1000	2.8522	4.0313	14.9835	16.4811	9.7551	41.2197	36.35%

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 public.

\* 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

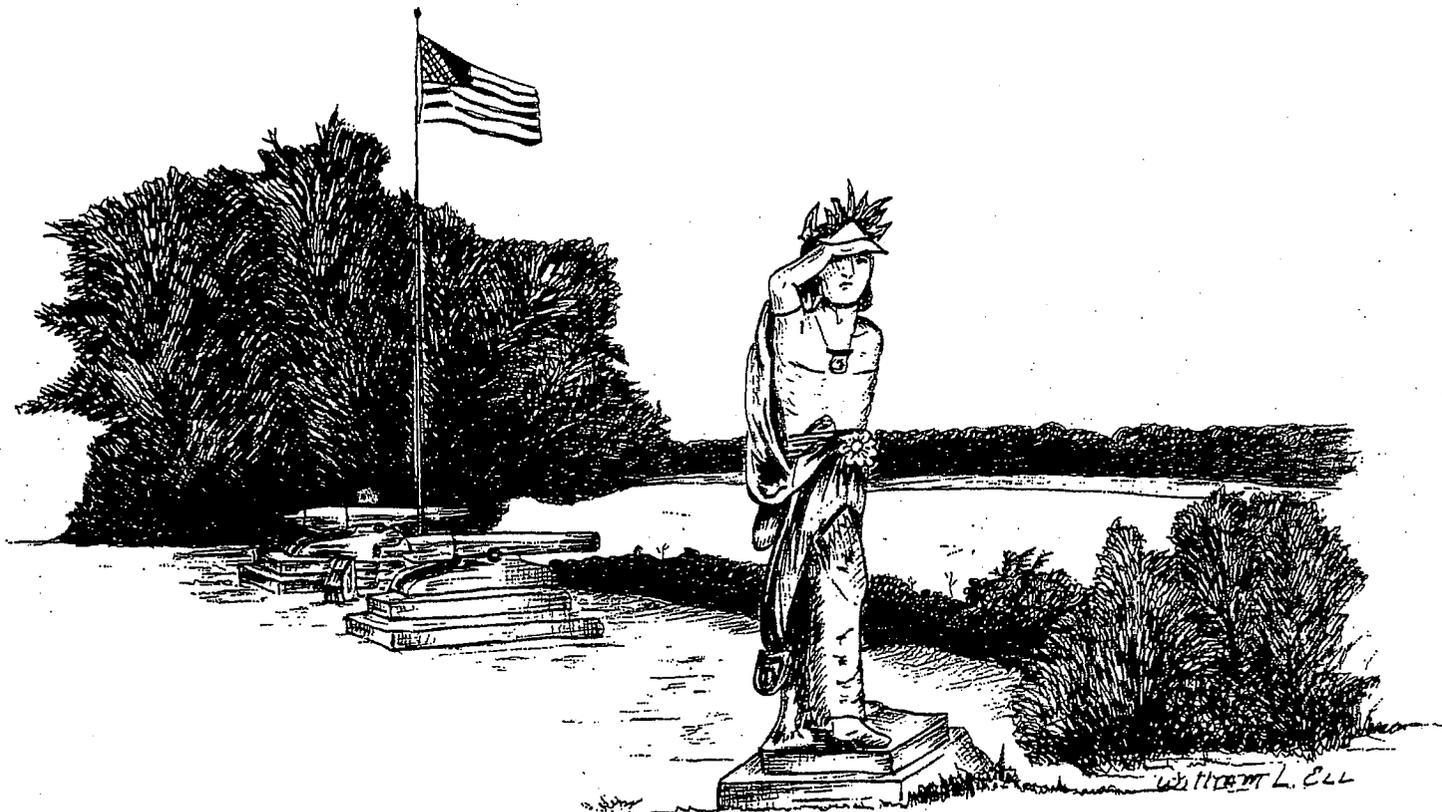
Principal Taxpayers  
Current Year and Ten Years Prior

Taxpayer	2008			1998		
	January 1, 2006 Taxable Valuation	Rank	Percent of Total Taxable Value	January 1, 1996 Taxable Valuation	Rank	Percent of Total Taxable Value
Interstate Power and Light	\$20,925,681	1	3.43%	\$27,480,223	2	5.01%
FunCity LLC	17,406,778	2	2.86%			
Case New Holland (CNH)	13,771,100	3	2.26%	29,550,776	1	5.38%
Vista Bakery	7,198,400	4	1.18%	10,246,069	3	1.87%
Burlington Area Hotel	6,500,000	5	1.07%			
Federal Mogul Company	6,000,000	6	0.98%			
Lowe's Company Inc #57	5,942,900	7	0.98%			
Winegard Company				9,078,705	4	1.65%
Qwest Communications				4,215,915	8	0.77%
Aldi Inc	5,590,800	8	0.92%			
Hy-Vee	4,677,600	9	0.77%			
DR Steam LLC	4,669,400	10	0.77%			
Exide Corporation				6,575,667	5	1.20%
Aldi Inc				6,216,285	6	1.13%
PPG Industries				6,150,346	7	1.12%
Burlington Plaza West				3,984,525	9	0.73%
Chittenden and Eastman				3,652,645	10	0.67%
	<u>\$ 92,682,659</u>		<u>15.21%</u>	<u>\$ 107,151,156</u>		<u>19.52%</u>

City of Burlington, Iowa

Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Property Taxes Collected</u>	<u>Delinquent Property Tax Collections</u>	<u>Total Property Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
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%
2008	8,420,461	8,423,123	100.03%	1,422	8,424,545	100.05%



City of Burlington, Iowa

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Population (1)	General Government			Business Type Activities			Total Primary Government	Debt Per Capita
		General Obligation Bonds	Notes Payable	Urban Renewal Revenue	General Obligation Bonds	Sewer Revenue Bonds	Leases Payable		
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
2008	26,839	26,549,597	1,016,411	6,520,000	5,936,188	1,900,000	0	41,922,196	1,561.99

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

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
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
2008	26,839	607,873,412	32,485,785	(1,000)	5,936,188	5,568,483	20,982,114	3.4517%	781.78

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

City of Burlington, Iowa

Computation of Direct and Overlapping Bonded Debt  
June 30, 2008

	<u>Net General Bonded Debt June 30, 2008</u>	<u>Percent Applicable to City</u>	<u>Direct and Overlapping Bonded Debt</u>
City of Burlington	\$ 20,982,114 (1)	100.00%	\$ 20,982,114
Great Prairie Education Agency	2,488,000	8.41%	209,241
Southeastern Community College	9,190,000	19.83%	1,822,377
West Burlington Community School District	2,205,000	13.01%	286,871
Des Moines County	3,375,000	49.08%	1,656,450
Burlington Community School District	<u>0</u>	76.47%	<u>0</u>
Total direct and overlapping bonded debt	<u>\$ 38,240,114</u>		<u>\$ 24,957,053</u>

(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, 2008**

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Total assessed valuation as of January 1, 2006	\$ 991,470,705
Debt limit - 5% of assessed valuation	\$ 49,573,535
Amount of debt applicable to limit:	
General obligation bonds	\$ 32,485,785
Tax increment revenue bonds	\$ 6,520,000
Note from Grow Greater Burlington	\$ 79,980
Total Applicable to Limit	<u>\$ 39,085,765</u>
Legal debt margin	<u>\$ 10,487,770</u>
Percent of debt limit	21.16%

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Debt Limit	\$ 49,573,535	\$48,994,093	\$47,843,644	\$47,439,779	\$46,228,135	\$45,943,849
Total Net Debt Applicable to Limit	<u>39,085,765</u>	<u>31,404,855</u>	<u>33,472,238</u>	<u>30,706,000</u>	<u>29,808,200</u>	<u>25,180,400</u>
Legal Debt Margin	<u>\$10,487,770</u>	<u>\$17,589,238</u>	<u>\$14,371,406</u>	<u>\$16,733,779</u>	<u>\$16,419,935</u>	<u>\$20,763,449</u>
Total net debt applicable to the limit as a percentage of debt limit	78.84%	64.10%	69.96%	64.73%	64.48%	54.81%

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$42,325,552	\$42,378,712	\$42,950,868	\$40,979,973
<u>25,080,000</u>	<u>20,144,800</u>	<u>21,690,000</u>	<u>16,070,000</u>
<u>\$17,245,552</u>	<u>\$22,233,912</u>	<u>\$21,260,868</u>	<u>\$24,909,973</u>
59.25%	47.54%	50.50%	39.21%

City of Burlington, Iowa

Revenue Bond Coverage  
Sewer Fund  
Last Nine 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
2008	3,975,408	2,604,768	1,370,640	340,000	59,088	399,088	3.434

(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

Major Area Employers

Current and Ten Years Ago

2008		1998	
Name	Approximate Number of Employees	Name	Approximate Number of Employees
Aldi, Incorporated	100-200	Aldi, Inc	200-500
Alfa Gomma America	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
Borghgi 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 Corporation	50-100		
Flint Cliffs Mfg.	50-100	Klein Manufacturing	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	50-100
Hawkeye Concrete Products	100-200	Hawkeye Concrete Products	50-100
Lamont Limited	200-500	Lamont Limited	200-500
Manpower Temporary Services	100-200		
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
		Eastman House	100-200
		Conifer Corporation	50-100

City of Burlington, Iowa

Historical Economic Data  
Last Ten Years

Employment				Retail Sales (3)		
Calendar Year	Population (1)	Labor Force (2)	Unemployment Rate (2)	Year Ended 3/31	Retail Permits	Retail Sales
1999	27,209	14,560	3.6%	1999	836	269,407,908
2000	26,839	14,140	3.9%	2000	831	270,701,424
2001	26,839	13,880	5.8%	2001	807	266,956,374
2002	26,839	13,830	6.3%	2002	793	253,673,761
2003	26,839	13,370	8.2%	2003	745	262,295,174
2004	26,839	12,740	7.1%	2004	736	264,138,149
2005	26,839	12,710	5.1%	2005	712	255,202,262
2006	26,839	12,860	4.7%	2006	703	264,365,555
2007	26,839	12,810	4.4%	2007	686	282,230,876
2008	26,839	13,070	5.6%	2008	696	289,150,021

- (1) U.S. Census Bureau
- (2) Iowa Workforce Development
- (3) Iowa Department of Revenue
- (4) Permit totals fiscal year 1999-2002 include all contractor permits
- (5) Iowa Workforce Development; Des Moines County

<b>Building Permits (4)</b>			<b>Personal Income (5)</b>	
<b>Fiscal Year</b>	<b>Number of Permits Issued</b>	<b>Dollar Value of Permits Issued</b>	<b>Calendar Year</b>	<b>Per Capita Income</b>
1999	712	14,044,333	N/A	N/A
2000	697	8,285,573	N/A	N/A
2001	795	24,293,373	N/A	N/A
2002	644	18,244,317	2000	26,024
2003	223	23,637,000	2001	26,815
2004	223	18,739,000	2002	27,821
2005	206	27,179,000	2003	27,619
2006	209	28,203,162	2004	29,115
2007	237	26,498,176	2005	30,096
2008	226	41,092,033	2006	32,031

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						
	2008	2007	2006	2005	2004	2003	2002
<b>General Government</b>							
Executive Administration	3	3	3	3	3	3	3
Finance	6	6	6	6	6.4	6.6	6.5
City Clerk	2	2	2	2	2	2	2.4
<b>Public Safety</b>							
Police Officers	42	42	42	42	42	44	44
Firefigthers and Officers	46	46	46	46	46	49	49
Civilian Employees	16.5	16.5	16.5	16.5	16.5	17.25	18
Building Code	5.25	5.25	5.25	4	4	4	4
<b>Public Works</b>							
Administration/Engineering	8.8	8.8	8.8	8.8	8.8	9.75	9.75
Streets	15.55	15.55	15.55	15.55	16.55	17.5	17.5
Property Maintenance	5	5	5	5	5	5	5
Vehicle Maintenance	4	4	4	4	4	4	4
Transit	9	9	9	9	9	9	9
Other	4.5	5.2	5.2	5.2	5.2	5.4	5.4
<b>Culture and Recreation</b>							
Parks	13.1	13.1	13.1	13.1	14.1	14.1	14.1
Recreation/Pool	3.25	3.25	3.25	3.25	3.25	3.25	4.95
Library	20.27	20.27	20.27	20.27	20.27	21.27	21.27
<b>Community and Economic Development</b>	4	4	4	4	5	5.8	5.8
<b>Business Type Activities</b>							
Sewer	23.8	24.8	24.8	25.8	25.8	26.3	26.3
Solid Waste	7	7.75	7.75	8	8	8	8
Parking	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Flint Hills Golf	6.15	6.4	6.4	6.4	6.4	6.4	6.4
RecPlex	9.25	9.25	9.25	9.25	9.25	9.25	9.25
<b>Total</b>	<b>255.57</b>	<b>258.27</b>	<b>258.27</b>	<b>258.27</b>	<b>261.67</b>	<b>272.02</b>	<b>274.77</b>

Information obtained from City of Burlington Budgets.

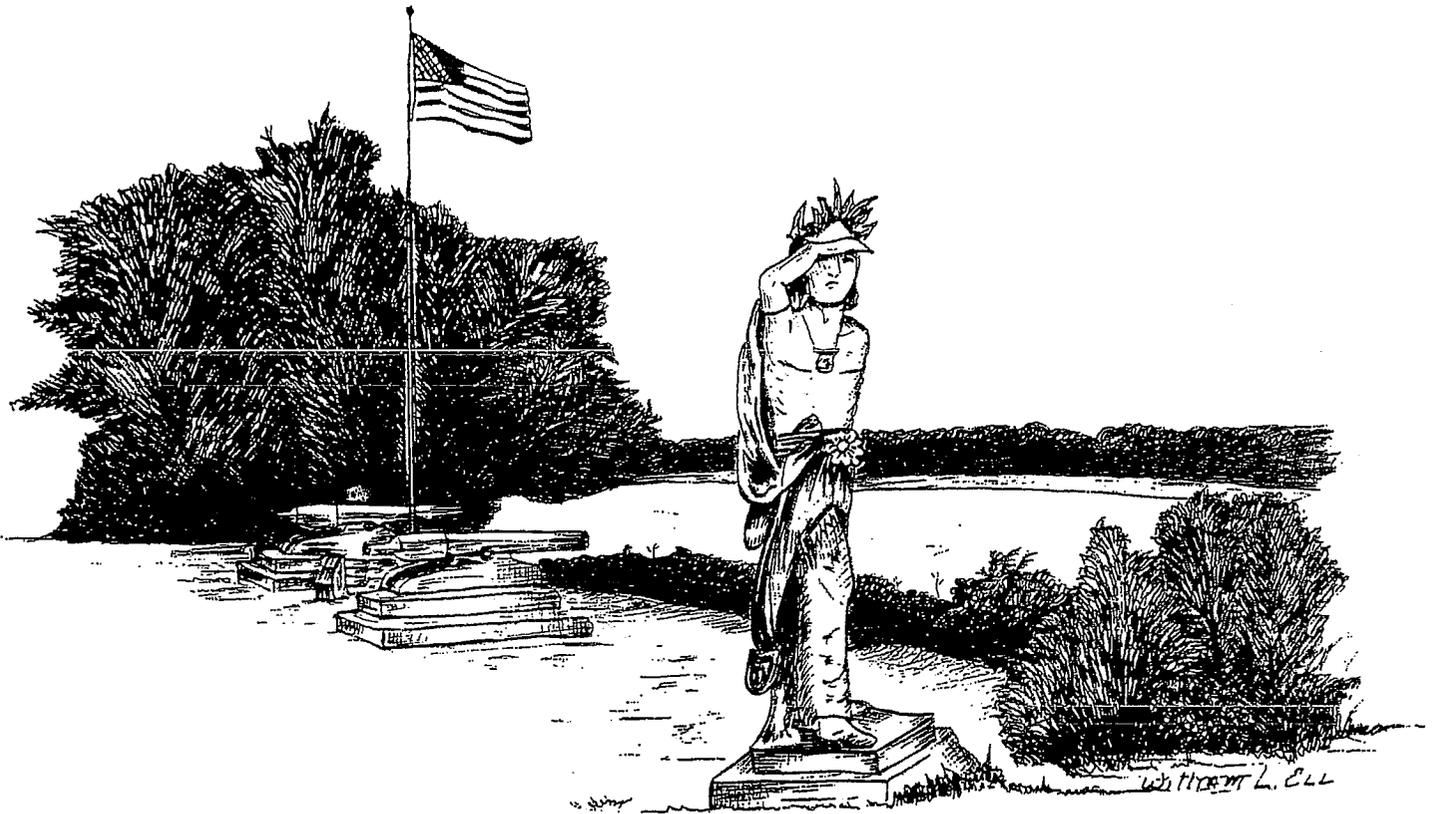
Full-time equivalent employment is calculated by dividing total part-time and temporary labor hours available by 2080.

<u>2001</u>	<u>2000</u>	<u>1999</u>
3	3	3
6.5	6.5	5.5
2.4	2.4	2.4
44	44	44
49	49	49
17.25	18.25	18.25
4	4	4
9.75	9.75	8.75
18.3	18.3	19.1
5	5	5
5	5	5
9	9	9
5.4	5.4	5.4
14.1	14.1	14.1
4.95	4.95	4.95
21.27	21.27	21.27
6	6	6
25.55	25.55	24.75
8	8	8
2.75	2.75	2.75
6.4	6.4	6.05
9.25	9.25	1
276.87	277.87	267.27

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

	2008	2007	2006	2005	2004	2003	2002
<b>Police</b>							
Number of Stations	1	1	1	1	1	1	1
Number of Officers	42	42	42	42	42	44	44
<b>Fire</b>							
Number of Stations	2	2	2	2	2	2	2
Number of Firefighting Personnel	46	46	46	46	46	49	49
<b>Parks</b>							
Number of parks	13	13	13	13	13	13	13
Acres	220	220	220	220	220	220	220
Golf Courses	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1
<b>Building Code</b>							
Number of permits Issued	237	237	209	206	223	223	644
Permit Value	41,092,033	26,498,176	28,203,162	27,179,000	18,739,000	23,637,000	18,244,317
<b>Wastewater Treatment Facility</b>							
Number of Facilities	1	1	1	1	1	1	1
Major Pumping Stations	3	3	3	3	3	3	3
Minor Pumping Stations	11	11	11	11	11	10	10

2001	2000	1999
1	1	1
44	44	44
2	2	2
49	49	49
13	13	13
220	220	220
1	1	1
1	1	1
795	697	712
24,293,373	8,285,573	14,044,333
1	1	1
3	3	3
10	10	10



# COMPLIANCE SECTION





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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 12, 2009. 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.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do believe that the significant deficiency described above is not 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, 2008, 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 February 12, 2009.

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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa  
February 12, 2009



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, 2008. 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, 2008.

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.

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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-08 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.

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

Dubuque, Iowa  
February 12, 2009

**City of Burlington, Iowa**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2008**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
<b>Indirect:</b>			
Department of Justice:			
Office of Drug Control Policy:			
Edward Byrne Memorial			
Formula Grant Program			
	16.579	07JAG/C06-A20	\$ <u>86,695</u>
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	SRTS-U-0977(630)--8U-29	35,783
Highway Planning and Construction	20.205	SRTS-U-0977(629)--8U-29	3,870
Highway Planning and Construction	20.205	STP-U-0977(625)--70-29	10,000
Highway Planning and Construction	20.205	STP-U-0977(627)--8U-29	64,800
			<u>114,453</u>
Formula Grants for Other Than			
Urbanized Areas	20.509	18-0028-097-08	<u>160,452</u>
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600	PAP 07-02, Task 01	3,035
State and Community Highway Safety	20.600	08-410, Task 07	<u>23,603</u>
			<u>26,638</u>
Environmental Protection Agency:			
Iowa Department of Natural Resources:			
Capitalization Grants for Clean Water			
State Revolving Funds			
	66.458	CWSRF #CS-192332-01	<u>10,657</u>
Department of Homeland Security:			
Iowa Department of Homeland Security:			
Disaster Grants – Public Assistance			
(Presidentially Declared Disasters)			
	97.036	057-09550-00	<u>101,980</u>
<b>Total</b>			<b>\$ <u>500,875</u></b>

See notes to the Schedule of Expenditures of Federal Awards.

**City of Burlington, Iowa**

**Notes to the Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2008**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of 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, 2008**

**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 20.509 – Formula Grants for Other Than Urbanized Areas.
- (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-08 Segregation of Duties**

Criteria – Properly designed segregation of duties allow entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition - The City Manager posted all journal entries to the general ledger, was an authorized check signer, and reconciled cash and investments. No one else reviews the reconciliations.

Cause – The City had limited personnel causing one person to perform incompatible duties throughout the year.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

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

**City of Burlington, Iowa**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2008**

**Part III: Findings and Questioned Costs for Federal Awards:**

**SIGNIFICANT DEFICIENCY**

**CFDA Number 20.509: Formula Grants for Other Than Urbanized Areas**  
**Pass-through Agency Number: 18-0028-097-08**  
**Department of Transportation**  
**Passed through the Iowa Department of Transportation**

III-A-08 Segregation of Duties – The Deputy City Manager posted all journal entries to the general ledger, was an authorized check signer, and reconciled cash and investments. No one else reviews the reconciliations. See item II-A-08.

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008, exceeded the amount budgeted in the public works, public safety, and culture and recreation functions. Chapter 384.20 of the Code of Iowa states in part "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation – The budget should have been amended in 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-08 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-08 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-08 Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-08 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-08 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.

**City of Burlington, Iowa**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2008**

**Part IV: Other Findings Related to Required 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-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-08 Revenue Bonds – We noted no instances of non-compliance with the provisions of the City's revenue bond resolutions.

IV-I-08 Competitive Bidding Requirements – We noted one instance in which the City did not receive bids for a public improvement project. Chapter 384 of the Code of Iowa in part states competitive bids should be obtained for public improvement, road, bridge, and construction projects.

Recommendation – The City should take measures to receive bids for all construction projects.

Response – The City has taken steps to avoid this occurrence in the future.

Conclusion – Response accepted.





CPAs & BUSINESS ADVISORS

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

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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, 2008, and have issued our report thereon dated February 12, 2009. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter dated May 5, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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 grants, 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.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated May 5, 2008.

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## **Significant Audit Findings**

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Burlington 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, 2008. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciable lives is based on past history of life cycles of capital assets. We evaluated the key factors and assumptions used to develop the depreciable lives in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on accounts which are past due with no special arrangement for payment. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the incurred but not reported health insurance liability is based on third-party administrator calculations and estimates. We evaluated the key factors and assumptions used to develop the incurred but not reported health insurance liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the sick leave liability is based on the requirements for employees to be eligible to receive the benefit and the likelihood employees will reach those requirements before termination. We evaluated the key factors and assumptions used to develop the sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. A material audit adjustment was made for land held for resale.

To the Honorable Mayor and  
Members of the City Council  
City of Burlington, Iowa  
Page 3

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 12, 2009.

### *Management 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.

### *Other Audit Findings or Issues*

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.

## **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. Our observations indicate that overall financial operations of the City continue to be conducted in an efficient and effective manner.

This information is intended solely for the use of the officials, employees, and citizens of the City of Burlington and other parties to whom the City of Burlington 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.



Dubuque, Iowa  
February 12, 2009

# CITY OF BURLINGTON

YEAR ENDED JUNE 30, 2008

## OTHER COMMENTS

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### 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.

### Governmental Accounting Standards Board (GASB)

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

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

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

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

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

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

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