

**DUBUQUE COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008**

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Dubuque Community School District

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|---|----------------|---------------------|
| Board of Education (Before September 2007 Election) | | |
| Doug Horstmann | President | 2007 |
| Larry Loeppke | Vice-President | 2007 |
| David Patton | Board Member | 2008 |
| George Davis | Board Member | 2009 |
| Otto Krueger | Board Member | 2009 |
| Donna Bauerly | Board Member | 2009 |
| Adam Mennig | Board Member | 2008 |

| | | |
|--|----------------|------|
| Board of Education (After September 2007 Election) | | |
| Larry Loeppke | President | 2011 |
| Donna Bauerly | Vice-President | 2009 |
| Adam Mennig | Board Member | 2008 |
| David Patton | Board Member | 2008 |
| George Davis | Board Member | 2009 |
| Otto Krueger | Board Member | 2009 |
| Michael Brannon | Board Member | 2011 |

School Officials

| | | |
|--------------|--------------------|------------|
| John Burgart | Superintendent | 2009 |
| Joni Lucas | District Secretary | Indefinite |
| Ronald Holm | District Treasurer | Indefinite |
| Allan Carew | Attorney | Indefinite |

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Jim Kircher & Associates, P.C.
Certified Public Accountants

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Dubuque, Iowa 52002

Independent Auditors' Report

To the Board of Education of
Dubuque Community School District:

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

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dubuque Community School District as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 3, 2009, on our consideration of Dubuque Community School District'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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 19 and 52 through 53 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. 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 Dubuque Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

JIM KIRCHER & ASSOCIATES, P.C.

Dubuque, Iowa
February 3, 2009

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

Dubuque Community School District (the "District") provides this Management's Discussion and Analysis of its financial statements. The narrative overview and analysis focuses on the financial activities for the fiscal year ended June 30, 2008. Please read this information in conjunction with the District's financial statements, which immediately follow this section.

2008 FINANCIAL HIGHLIGHTS

- Funding levels for Iowa K-12 school districts depend principally on two factors: first, changes in enrollment and second, changes in *per pupil district cost*. Of these two factors, changes in *per pupil district cost* has the larger impact on District funding. *Per pupil district cost* is an amount annually set by state government. This amount has historically been determined by applying a percentage increase to the prior year's amount. The percentage increase has ranged from a low of 1% to a high of 4% over the past five years. The percentage amount has a substantial impact on district-funding levels.
- The District's enrollment grew by over 1,000 students for the five years ending in September 2006, but showed small declines in 2007 and 2008.
- General fund revenues increased by \$8.8 million (9.7%) in FY 2007-08 of which \$3.4 million came from state aid, \$2.2 million from real estate taxes and \$3.2 million from miscellaneous income. Total expenses increased by \$7.8 million. Revenue growth exceeded expenditure growth but not in an amount large enough to reverse recent-year decreases in fund balance. Fund balance declined by \$49,610 in FY 2007-08.
- Expenditures exceeded revenues in each of the past four years. This condition resulted in declines in unreserved/undesignated fund balances, cash/investment balances and unspent balances (also called *authorized budget*). These declines (and any resulting negative year-end balances) will need to be addressed in FY 2008-09 and 2009-10.
- The District monitors the three primary financial indicators of cash/investments, fund balance, and unspent balance. These indicators are measured at year end and compared to prior-years' results, state standards, and other districts' results. Financial pressures created primarily by increasing enrollment have reduced all three indicators to ten-year lows. The June 30, 2008, cash balance is at an acceptable level but fund balance and unspent balance are not. District administration intends to recommend a FY 2009-10 cash reserve levy that will not be increased over the FY 2008-09 rate but will nonetheless prevent further declines in fund balance and, over approximately a three-year period, return that indicator to an acceptable level. The low level of unspent balance is a more persistent problem. The District reduced its FY 2008-09 budget by approximately \$3.4 million and increased *authorized budget* by \$900,000 (by internal transfers and miscellaneous income increases) in an attempt to maintain a positive unspent balance at June 30, 2009. In spite of these measures, the District anticipates a negative unspent balance at June 30, 2009.

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

- The District's October 2008 certified enrollment declined by over 1% (113.4) over the prior year. This is the first significant enrollment decline experienced over the past six years. Enrollment growth has a substantial effect on unspent balance. The Iowa Department of Education continues to project District enrollment increases over the next several years.
- As noted above, low unspent balances continue to be a District problem. The problem is exacerbated when allowable growth levels (set by the state legislature) are lower than the employee wage settlement percentages determined by negotiations or arbitration. The interaction of these two factors results in reduced funding levels for the non-salary portions of the District's budget.
- Grant revenue continues to increase. Miscellaneous revenue (composed primarily of grant revenue) increased \$3,198,891 in FY 2007-08. The largest component of the increase is \$1.4 million in State of Iowa Teacher Compensation Salary Improvement Plan.
- The 2008 Iowa Legislature passed a State Penny for School Infrastructure sales tax and it was subsequently signed into law by the governor. This is not an additional tax but was meant to replace the local option sales taxes implemented by all 99 Iowa counties. The District's local option sales tax expires on June 30, 2013, and the state-wide tax will take effect on July 1, 2013. It is anticipated that the FY 2013-14 sales tax collections will exceed \$8 million.
- Local Option Sales Tax receipts continue to exceed the original estimates made in January 2003. At June 30, 2008, actual accumulative receipts exceeded original estimates by a total of \$5.4 million.

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the District as a whole and present an overall view of the District's finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Overview of the Financial Statements

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

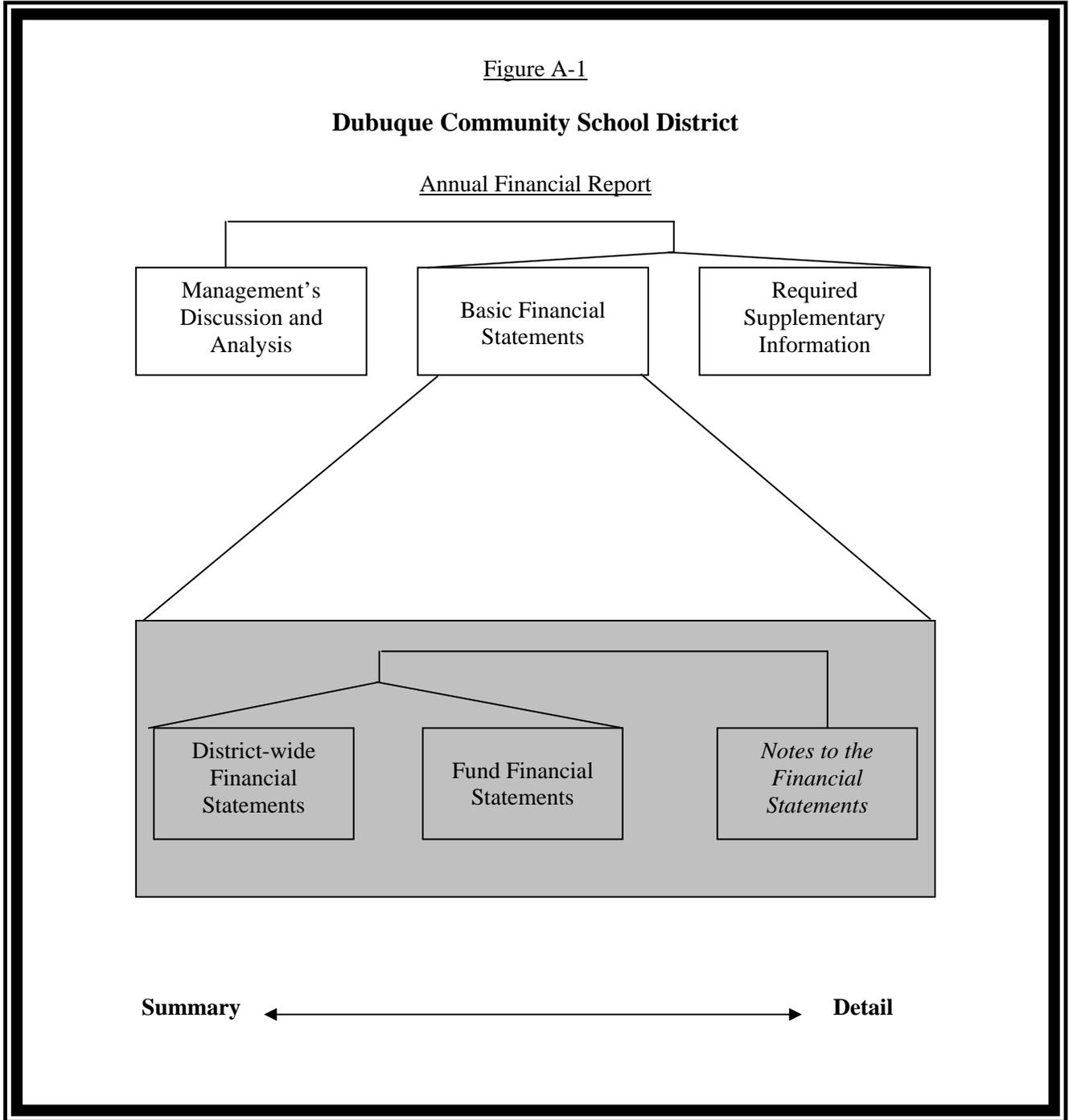
Other Supplementary Information provides detailed information about the non-major Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.



Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section highlights the structure and contents of each of the statements.

Figure A-2: Major Features of the District-wide and Fund Financial Statements

| | Fund Financial Statements | | | |
|--|--|---|--|---|
| | District-wide Statements | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire district (except fiduciary funds) | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance. | Activities the district operates similar to private businesses: food service is included here. | Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies. |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net assets • Statement of activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures and changes in fund balances | <ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both financial and capital, and short-term and long-term | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors such as changes in the District's property-tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more, or fewer, financial resources that can be spent in the near future to finance the District's programs.

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

The District's governmental funds include the general fund, special revenue funds, debt service fund, and capital projects fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the school nutrition fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include private-purpose trust and agency funds.

- Private-purpose trust fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency funds – These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for employee purchases of soft drinks and related expenditures.

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008, compared to June 30, 2007.

**Figure A-3:
Condensed Statement of Net Assets
June 30,**

| | Governmental Activities | | Business-type Activities | | Total District | | Total Percentage Change 2007-08 |
|---|------------------------------------|----------------------|-------------------------------------|--------------------|---------------------------|----------------------|--|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | |
| Current and other assets | \$ 63,875,752 | \$ 72,760,511 | \$ 924,551 | \$ 947,520 | \$ 64,800,303 | \$ 73,708,031 | 13.7% |
| Capital assets | 88,708,510 | 94,121,738 | 537,950 | 483,616 | 89,246,460 | 94,605,354 | 6.0% |
| Total assets | \$152,584,262 | \$166,882,249 | \$1,462,501 | \$1,431,136 | \$154,046,763 | \$168,313,385 | 9.3% |
| Current liabilities | \$ 51,250,967 | \$ 58,965,172 | \$ 47,228 | \$ 64,895 | \$ 51,298,195 | \$ 59,030,067 | 15.1% |
| Long-term liabilities | 45,700,296 | 41,224,159 | 0 | 0 | 45,700,296 | 41,224,159 | (9.8%) |
| Total liabilities | \$ 96,951,263 | \$100,189,331 | \$ 47,228 | \$ 64,895 | \$ 96,998,491 | \$100,254,226 | 3.4% |
| Net assets | | | | | | | |
| Invested in capital assets, net of related debt | \$ 43,446,260 | \$ 53,355,696 | \$ 537,950 | \$ 483,616 | \$ 43,984,210 | \$ 53,839,312 | 22.4% |
| Restricted | 6,559,669 | 8,920,643 | 0 | 0 | 6,559,669 | 8,920,643 | 36.0% |
| Unrestricted | 5,627,070 | 4,416,579 | 877,323 | 882,625 | 6,504,393 | 5,299,204 | (18.5%) |
| Total net assets | \$ 55,632,999 | \$ 66,692,918 | \$1,415,273 | \$1,366,241 | \$ 57,048,272 | \$ 68,059,159 | 19.3% |

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

Figure A-4 shows the change in net assets for the year ended June 30, 2008, compared to the year ended June 30, 2007.

**Figure A-4:
Changes in Net Assets**

| | Governmental Activities | | Business-type Activities | | Total School District | | Total Percentage Change 2007-08 |
|--|----------------------------|----------------------|-----------------------------|--------------------|--------------------------|----------------------|--|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | |
| Revenues | | | | | | | |
| Program revenues | | | | | | | |
| changes for | | | | | | | |
| services | \$ 4,261,845 | \$ 4,207,834 | \$2,425,845 | \$2,369,246 | \$ 6,687,690 | \$ 6,577,080 | (1.7%) |
| Operating grants | | | | | | | |
| & contributions | 12,145,764 | 15,582,180 | 1,793,501 | 1,823,216 | 13,939,265 | 17,405,396 | 24.9% |
| Capital grants & | | | | | | | |
| contributions | 50,750 | 5,850 | 0 | 0 | 50,750 | 5,850 | (88.5%) |
| General revenues | | | | | | | |
| property taxes | | | | | | | |
| and other taxes | 47,166,138 | 49,698,676 | 0 | 0 | 47,166,138 | 49,698,676 | 5.4% |
| State formula aid | 42,708,273 | 45,809,960 | 0 | 0 | 42,708,273 | 45,809,960 | 7.3% |
| Other | 2,342,332 | 2,549,221 | 36,098 | 44,086 | 2,378,430 | 2,593,307 | 9.0% |
| Total revenues | \$108,675,102 | \$117,853,721 | \$4,255,444 | \$4,236,548 | \$112,930,546 | \$122,090,269 | 8.1% |
| Expenses | | | | | | | |
| Instruction | \$ 68,921,618 | \$ 67,010,362 | \$ 0 | \$ 0 | \$ 68,921,618 | \$ 67,010,362 | (2.8%) |
| Support services | | | | | | | |
| student and | | | | | | | |
| instructional | | | | | | | |
| services | 8,687,540 | 8,443,656 | 0 | 0 | 8,687,540 | \$ 8,443,656 | (2.8%) |
| Administrative | | | | | | | |
| and business | 10,955,010 | 10,125,713 | 0 | 0 | 10,955,010 | 10,125,713 | (7.6%) |
| Maintenance and | | | | | | | |
| operations | 8,967,625 | 8,835,601 | 0 | 0 | 8,967,625 | 8,835,601 | (1.5%) |
| Transportation | 3,738,099 | 3,683,632 | 0 | 0 | 3,738,099 | 3,683,632 | (1.5%) |
| Non-instructional | 138,771 | 142,067 | 3,949,212 | 4,159,239 | 4,087,983 | 4,301,306 | 5.2% |
| Other | 7,703,630 | 8,552,771 | 124,723 | 126,341 | 7,828,353 | 8,679,112 | 10.9% |
| Total expenses | \$109,112,293 | \$106,793,802 | \$4,073,935 | \$4,285,580 | \$113,186,228 | \$111,079,382 | (1.9%) |
| Increase (decrease) in net assets | \$ (437,191) | \$ 11,059,919 | \$ 181,509 | \$ (49,032) | \$ (255,682) | \$ 11,010,887 | 4406.5% |

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

Governmental Activities

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs, and other expenses.

**Figure A-5:
Total and Net Cost of Governmental Activities
Years Ended June 30,**

| | Total Cost of Services | | Percentage Change | Net Cost of Services | | Percentage Change |
|-------------------|-----------------------------------|----------------------|------------------------------|---------------------------------|---------------------|------------------------------|
| | 2007 | 2008 | 2007-08 | 2007 | 2008 | 2007-08 |
| Instruction | \$ 68,921,618 | \$ 67,010,362 | (2.8%) | \$57,441,725 | \$52,717,155 | (8.2%) |
| Support services | | | | | | |
| student and | | | | | | |
| instructional | | | | | | |
| services | 8,687,540 | 8,443,656 | (2.8%) | 8,036,296 | 7,566,041 | (5.9%) |
| Administrative | | | | | | |
| and business | 10,955,010 | 10,125,713 | (7.6%) | 10,923,543 | 10,075,741 | (7.8%) |
| Maintenance and | | | | | | |
| operations | 8,967,625 | 8,835,601 | (1.5%) | 8,916,875 | 8,835,601 | (0.9%) |
| Transportation | 3,738,099 | 3,683,632 | (1.5%) | 3,298,193 | 3,218,071 | (2.4%) |
| Non-instructional | 138,771 | 142,067 | 2.4% | 137,542 | 139,421 | 1.4% |
| Other | 7,703,630 | 8,552,771 | 11.0% | 3,899,760 | 4,445,908 | 14.0% |
| Total | \$109,112,293 | \$106,793,802 | (2.1%) | \$92,653,934 | \$86,997,938 | (6.1%) |

Business-Type Activities

District maintains only one activity within the business-type activities classification, and this is its school nutrition fund. School nutrition fund revenues decreased slightly from the prior year.

The school nutrition fund balances remained relatively stable over the past three years.

INDIVIDUAL FUND ANALYSIS

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial performance of the District as a whole is reflected in its government funds. At June 30, 2008, total government fund balance was \$13,795,339. See Exhibit C for details.

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

Governmental Fund Highlights

- The District's general fund financial position (as measured by fund balance) declined from the prior year. This decline is the result of many factors no one of which is individually significant. The general fund balance decreased by \$50 thousand (6.5%) in FY 2007-08. The District used carryover fund balances to meet its financial obligations during the year.
- Salaries and benefits comprise over 81.9% of the general fund expenditures. These expenditures increased 8.7% due primarily to increases caused by negotiated salary and benefits settlements, additional teaching staff, and an increase in the State of Iowa Teacher Compensation Salary Improvement Plan.
- The physical plant and equipment levy (PPEL) fund balance remained relatively constant in FY 2007-08. The District carefully monitors this fund to ensure balances are carried over from year-to-year in order to meet possible unexpected emergency costs and also to take advantage of property acquisition opportunities.
- Capital projects fund revenues continue to grow because of sales tax revenue growth. The only major capital projects completed in FY 2007-08 were the Phase I improvement to Irving Elementary School and the completion of Carver Elementary School.

Proprietary Fund Highlights

As stated previously, the school nutrition fund is the only proprietary fund maintained by the District. The nutrition fund has remained relatively stable in terms of revenue, expenses, and fund balances.

BUDGETARY HIGHLIGHTS

The District maintains two types of budgets. The first is the *certified budget* (required by the State of Iowa) which must meet certain state publication and monitoring requirements. The second is a management budget (sometimes called *line-item* budget) which is used by District administration to control and monitor expenditures. The District amended its *certified budget* in May of 2008 primarily to reflect increased expenditures in its capital projects fund and to more accurately classify expenditures among the four categories required by a *certified budget*. The *certified budget* needs to be tabulated in the following four functional areas: instruction, total support services, non-instructional programs, and total other expenditures.

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$94 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, infrastructure equipment, and transportation equipment. The year-end balance is a 6.1% increase over the prior year. More detailed information about the District's capital assets is presented in its Note 5 to the Financial Statements. Depreciation expense for the year was \$3,989,638.

The largest increase in capital assets during the year resulted from continued construction of facilities funded by sales tax revenues. The District is collecting over \$10 million annually from this fund source and it is anticipated its capital assets will continue to increase over the course of sales tax collection.

**Figure A-6
Capital Assets, Net of Depreciation
June 30,**

| | Governmental Activities | | Business-type Activities | | Total School District | | Total Percentage Change 2007-08 |
|----------------------------|------------------------------------|---------------------|-------------------------------------|------------------|----------------------------------|---------------------|--|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | |
| Land and improvements | \$ 9,852,569 | \$ 9,575,265 | \$ 0 | \$ 0 | \$ 9,852,569 | \$ 9,575,265 | (2.8%) |
| Construction in progress | 18,750,287 | 12,241,408 | 0 | 0 | 18,750,287 | 12,241,408 | (34.7%) |
| Buildings and improvements | 52,527,151 | 65,356,969 | 0 | 0 | 52,527,151 | 65,356,969 | 24.4% |
| Equipment | 5,767,835 | 5,763,082 | 508,479 | 444,268 | 6,276,314 | 6,207,350 | (1.1%) |
| Vehicles | 1,810,668 | 1,185,014 | 29,471 | 39,348 | 1,840,139 | 1,224,362 | (33.5%) |
| Total | \$88,708,510 | \$94,121,738 | \$537,950 | \$483,616 | \$89,246,460 | \$94,605,354 | 6.0% |

The District currently has a bus replacement plan whereby it normally purchases eight school buses each year. Six of these buses are purchased by the physical plant and equipment levy fund and two are purchased using Instructional Support Levy Funds. In order to take advantage of some early-payment discounts offered by the dealer, certain bus purchases, which would normally have been made in FY 2007-08, were made in FY 2006-07. Total cost for the one bus paid for in FY 2007-08 was \$85,710.

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

Long-term Debt

At June 30, 2008, the District had \$40,766,042 in revenue bond debt outstanding. This represents a decrease of approximately 9.9% from the prior year and is a result of paying principal on the bonds. The majority of the outstanding debt is secured by a first lien against sales tax collections. See Figure A-7 below and Note 7 to the Financial Statements for additional information.

**Figure A-7
Outstanding Long-term Obligations
June 30,**

| | Total District | | Total Change |
|----------------------|-----------------------|---------------------|---------------------|
| | 2008 | 2007 | 2007-08 |
| Revenue bonds | \$40,766,042 | \$45,262,250 | (9.9%) |
| Compensated absences | 458,117 | 438,046 | 4.6% |
| Totals | \$41,224,159 | \$45,700,296 | (9.8%) |

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its future financial health:

- Growth in student enrollment has necessitated increased facilities and increased staff. Although the state finance formula provides additional funds and *authorized budget* for growth in student enrollment, the increases were not sufficient to prevent declines in District cash/investment balances, fund balances, and *authorized budget* balances.
- Additions to *authorized budget* are controlled by the State of Iowa. The District continues to apply to the State School Budget Review Committee for *modified allowable growth* (a direct addition to *authorized budget*) whenever possible. District administration will continue to work with the State of Iowa Department of Education to ascertain when requesting *modified allowable growth* is appropriate.
- The Instructional Support Levy (ISL) is used to support a variety of education programs including the following:
 - ◆ Full-day, everyday kindergarten in every elementary school.
 - ◆ Grades K-3 class-size reduction.
 - ◆ Upgrading outdated equipment in classrooms, science and industrial technology labs, print centers, and the transportation department.

Dubuque Community School District

Management's Discussion and Analysis

For Fiscal Year Ended June 30, 2008

- ◆ Restore site-based funding that had been lost in prior years.

The District's ISL rate is currently 5%. This amount is insufficient to fund the above programs, resulting in a financial drain on other District general fund programs. The District is submitting a 10% ISL referendum to the voters on February 3, 2009. If passed, the District intends to lower its cash reserve levy by the same amount as the increase resulting from the 10% ISL. Using this approach, the total District levy rate is not anticipated to increase for at least the next five years. A 10% ISL will annually provide approximately \$2.5 million of spending authority.

- District employees are covered by the Iowa Public Employees Retirement System (IPERS). This system has experienced recent-year increases in its unfunded actuarial liability resulting in a legislative change to both employer and employee contribution rates. The District cost of the rate increase exceeds \$150,000 for FY 2007-08. Annual employer costs (and employee costs) will increase (on a compounded basis) over the next four years for two reasons. First, the IPERS' contribution rate increases each year over the next four years. Second, wage levels will likely rise due to inflation and negotiated settlements. The IPERS' rate increase has a significant adverse effect on the District's financial health.
- George Washington Carver Elementary School was substantially completed in August 2007. This \$12 million project was built at the same location as the Eleanor Roosevelt Middle School and was funded by the issuance of revenue bonds and receipts from the Local Option Sales Tax.
Modified allowable growth was requested in FY 2007-08 to cover this school's first year of operation. That opportunity will not be available in future years.
- The *special education deficit* is the excess of special education costs incurred, over special education revenues received. This deficit continued to grow in FY 2007-08. The FY 2007-08 deficit grew by approximately \$763,000.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ronald H. Holm, Executive Director of Finance and Business Services, Dubuque Community School District, 2300 Chaney Road, Dubuque, Iowa 52001.

Basic Financial Statements

Dubuque Community School District

Statement of Net Assets

June 30, 2008

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Assets: | | | |
| Cash and pooled investments: | \$ 5,040,750 | \$ 0 | \$ 5,040,750 |
| ISCAP | 18,530,970 | 861,826 | 19,392,796 |
| Other | | | |
| Receivables | | | |
| Property tax: | | | |
| Delinquent | 485,703 | 0 | 485,703 |
| Succeeding year | 43,360,899 | 0 | 43,360,899 |
| Accounts | 51,030 | 0 | 51,030 |
| Interest: | | | |
| ISCAP | 2,259 | 0 | 2,259 |
| Other | 127,592 | 0 | 127,592 |
| Due from other governments | 4,526,213 | 3,387 | 4,529,600 |
| Inventories | 635,095 | 82,307 | 717,402 |
| Capital assets, net of accumulated depreciation | 94,121,738 | 483,616 | 94,605,354 |
| Total assets | \$166,882,249 | \$1,431,136 | \$168,313,385 |
| Liabilities: | | | |
| Accounts payable | \$ 1,616,832 | \$ 291 | \$ 1,617,123 |
| Salaries and benefits payable | 8,321,859 | 3,374 | 8,325,233 |
| Early retirement payable | 450,476 | 0 | 450,476 |
| Deferred revenue: | | | |
| Succeeding year property tax | 43,360,899 | 0 | 43,360,899 |
| Other | 127,438 | 61,230 | 188,668 |
| ISCAP warrants payable | 5,000,000 | 0 | 5,000,000 |
| ISCAP unamortized premium | 85,750 | 0 | 85,750 |
| ISCAP accrued interest payable | 1,918 | 0 | 1,918 |
| Long-term liabilities: | | | |
| Portion due within one year: | | | |
| Compensated absences | 458,117 | 0 | 458,117 |
| Revenue bonds payable | 7,466,208 | 0 | 7,466,208 |
| Portion due after one year: | | | |
| Revenue bonds payable | 33,299,834 | 0 | 33,299,834 |
| Total liabilities | \$100,189,331 | \$ 64,895 | \$100,254,226 |
| Net assets | | | |
| Invested in capital assets, net of related debt | \$ 53,355,696 | \$ 483,616 | \$ 53,839,312 |
| Restricted for: | | | |
| Management Levy | 1,245,733 | 0 | 1,245,733 |
| Physical Plant and Equipment Levy | 657,711 | 0 | 657,711 |
| Other special revenue purposes | 808,199 | 0 | 808,199 |
| Debt service | 6,209,000 | 0 | 6,209,000 |
| Unrestricted | 4,416,579 | 882,625 | 5,299,204 |
| Total net assets | \$ 66,692,918 | \$1,366,241 | \$ 68,059,159 |

See notes to financial statements.

Dubuque Community School District

Statement of Activities

Year Ended June 30, 2008

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|------------------|------------------------|---|--|--|---------------------------------|----------------|
| | Expenses | Charges for Service | Operating Grants, Contri- butions, and Restricted Interest | Capital Grants, Contri- butions, and Restricted Interest | Govern- mental Activities | Business- type Activities | Total |
| Functions/Programs | | | | | | | |
| Governmental activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular instruction | \$ 38,264,025 | \$ 555,270 | \$ 5,499,531 | \$ 0 | \$(32,209,224) | \$ 0 | \$(32,209,224) |
| Special instruction | 19,131,388 | 1,719,492 | 4,204,622 | 0 | (13,207,274) | 0 | (13,207,274) |
| Other instruction | 9,614,949 | 1,906,996 | 407,296 | 0 | (7,300,657) | 0 | (7,300,657) |
| | \$ 67,010,362 | \$4,181,758 | \$10,111,449 | \$ 0 | \$(52,717,155) | \$ 0 | \$(52,717,155) |
| Support services: | | | | | | | |
| Student services | \$ 4,766,058 | \$ 0 | \$ 326,843 | \$ 0 | \$ (4,439,215) | \$ 0 | \$ (4,439,215) |
| Instructional staff services | 3,677,598 | 0 | 550,772 | 0 | (3,126,826) | 0 | (3,126,826) |
| Administration services | 10,125,713 | 0 | 44,122 | 5,850 | (10,075,741) | 0 | (10,075,741) |
| Operation & maintenance of plant services | 8,835,601 | 0 | 0 | 0 | (8,835,601) | 0 | (8,835,601) |
| Transportation services | 3,683,632 | 26,076 | 439,485 | 0 | (3,218,071) | 0 | (3,218,071) |
| | \$ 31,088,602 | \$ 26,076 | \$ 1,361,222 | \$ 5,850 | \$(29,695,454) | \$ 0 | \$(29,695,454) |
| Non-instructional programs | | | | | | | |
| Other expenditures: | | | | | | | |
| AEA flow-through | \$ 4,106,863 | \$ 0 | \$ 4,106,863 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| TIF property tax payment and street assessment to City | 25,690 | 0 | 0 | 0 | (25,690) | 0 | (25,690) |
| Interest on long-term debt | 1,675,126 | 0 | 0 | 0 | (1,675,126) | 0 | (1,675,126) |
| Depreciation (unallocated)* | 2,745,092 | 0 | 0 | 0 | (2,745,092) | 0 | (2,745,092) |
| | \$ 8,552,771 | \$ 0 | \$ 4,106,863 | \$ 0 | \$(4,445,908) | \$ 0 | \$(4,445,908) |
| Total governmental activities | \$106,793,802 | \$4,207,834 | \$15,582,180 | \$ 5,850 | \$(86,997,938) | \$ 0 | \$(86,997,938) |
| Business-type activities: | | | | | | | |
| Non-instructional programs: | | | | | | | |
| Nutrition services | \$ 4,159,239 | \$2,369,246 | \$ 1,823,216 | \$ 0 | \$ 0 | \$ 33,223 | \$ 33,223 |
| Total | \$110,953,041 | \$6,577,080 | \$17,405,396 | \$ 5,850 | \$(86,997,938) | \$ 33,223 | \$(86,964,715) |
| General Revenues: | | | | | | | |
| Property tax levied for: | | | | | | | |
| General purposes | | | | | \$ 36,598,441 | \$ 0 | \$ 36,598,441 |
| Capital outlay | | | | | 2,532,490 | 0 | 2,532,490 |
| Local option sales tax | | | | | 10,567,745 | 0 | 10,567,745 |
| Unrestricted state grants | | | | | 46,501,356 | 0 | 46,501,356 |
| Unrestricted investment earnings | | | | | 774,912 | 44,086 | 818,998 |
| Miscellaneous | | | | | 959,573 | 0 | 959,573 |
| Transfers | | | | | 123,340 | (126,341) | (3,001) |
| Total general revenues | | | | | \$ 98,057,857 | \$ (82,255) | \$ 97,975,602 |
| Change in net assets | | | | | \$ 11,059,919 | \$ (49,032) | \$ 11,010,887 |
| Net assets beginning of year | | | | | 55,632,999 | 1,415,273 | 57,048,272 |
| Net assets end of year | | | | | \$ 66,692,918 | \$ 1,366,241 | \$ 68,059,159 |

See notes to financial statements.

* This amount excludes the depreciation that is included in the direct expense of the various programs.

Dubuque Community School District

Balance Sheet
Governmental Funds

June 30, 2008

| | General | Local Option Sales Tax | Debt Service Fund | Other Nonmajor Funds | Total |
|--|--------------|------------------------------|-------------------------|----------------------------|--------------|
| Assets | | | | | |
| Cash and pooled investments: | | | | | |
| ISCAP | \$ 5,040,750 | \$ 0 | \$ 0 | \$ 0 | \$ 5,040,750 |
| Other | 6,708,062 | 2,327,436 | 6,209,000 | 3,286,472 | 18,530,970 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Delinquent | 429,740 | 0 | 0 | 55,963 | 485,703 |
| Succeeding year | 38,427,312 | 0 | 0 | 4,933,587 | 43,360,899 |
| Accounts | 45,030 | 6,000 | 0 | 0 | 51,030 |
| Interest: | | | | | |
| ISCAP | 2,259 | 0 | 0 | 0 | 2,259 |
| Other | 0 | 3,222 | 124,370 | 0 | 127,592 |
| Due from other governments | 2,750,264 | 1,734,838 | 0 | 41,111 | 4,526,213 |
| Inventories | 635,095 | 0 | 0 | 0 | 635,095 |
| Total assets | \$54,038,512 | \$4,071,496 | \$6,333,370 | \$8,317,133 | \$72,760,511 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 1,373,579 | \$ 31,836 | \$ 0 | \$ 211,417 | \$ 1,616,832 |
| Salaries and benefits payable | 8,321,859 | 0 | 0 | 0 | 8,321,859 |
| Early retirement payable | 0 | 0 | 0 | 450,476 | 450,476 |
| Deferred revenue: | | | | | |
| Succeeding year property tax | 38,427,312 | 0 | 0 | 4,933,587 | 43,360,899 |
| Other | 117,488 | 0 | 0 | 9,950 | 127,438 |
| ISCAP warrants payable | 5,000,000 | 0 | 0 | 0 | 5,000,000 |
| ISCAP unamortized premium | 85,750 | 0 | 0 | 0 | 85,750 |
| ISCAP accrued interest payable | 1,918 | 0 | 0 | 0 | 1,918 |
| Total liabilities | \$53,327,906 | \$ 31,836 | \$ 0 | \$5,605,430 | \$58,965,172 |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Inventories | \$ 635,095 | \$ 0 | \$ 0 | \$ 0 | \$ 635,095 |
| Salary and improvement | 4,592 | 0 | 0 | 0 | 4,592 |
| Professional development | 385,599 | 0 | 0 | 0 | 385,599 |
| Market factor incentives | 58,215 | 0 | 0 | 0 | 58,215 |
| Textbook aid for nonpublic students | 818 | 0 | 0 | 0 | 818 |
| Medicare claims | 199,356 | 0 | 0 | 0 | 199,356 |
| Student activities | 0 | 0 | 0 | 808,199 | 808,199 |
| Debt service | 0 | 0 | 6,209,000 | 0 | 6,209,000 |
| Unreserved: | | | | | |
| Designated for capital projects | 0 | 4,039,660 | 0 | 0 | 4,039,660 |
| Undesignated: | (573,069) | 0 | 124,370 | 1,903,504 | 1,454,805 |
| Total fund balances | \$ 710,606 | \$4,039,660 | \$6,333,370 | \$2,711,703 | \$13,795,339 |
| Total liabilities and fund balances | \$54,038,512 | \$4,071,496 | \$6,333,370 | \$8,317,133 | \$72,760,511 |

See notes to financial statements.

Dubuque Community School District

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets**

Year Ended June 30, 2008

| | |
|--|----------------------|
| Total fund balances of governmental funds (page 23) | \$ 13,795,339 |
|--|----------------------|

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 as assets in the governmental funds. | 94,121,738 |
|--|------------|

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

| | | |
|----------------------|-------------------|---------------------|
| Compensated absences | \$ 458,117 | |
| Bonds payable | <u>40,766,042</u> | <u>(41,224,159)</u> |

| | |
|--|-----------------------------|
| Net assets of governmental activities (page 21) | <u>\$ 66,692,918</u> |
|--|-----------------------------|

See notes to financial statements.

Dubuque Community School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2008

| | General | Capital Projects Fund | Debt Service Fund | Other Nonmajor Funds | Total |
|---|----------------------|-----------------------------|----------------------|----------------------------|----------------------|
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 34,543,982 | \$10,567,745 | \$ 0 | \$4,586,949 | \$ 49,698,676 |
| Tuition | 1,974,497 | 0 | 0 | 0 | 1,974,497 |
| Other | 1,884,888 | 387,020 | 327,109 | 1,932,017 | 4,531,034 |
| State sources | 57,092,456 | 0 | 0 | 3,465 | 57,095,921 |
| Federal sources | 4,296,825 | 0 | 0 | 0 | 4,296,825 |
| Total revenues | <u>\$ 99,792,648</u> | <u>\$10,954,765</u> | <u>\$ 327,109</u> | <u>\$6,522,431</u> | <u>\$117,596,953</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular instruction | \$38,358,714 | \$ 0 | \$ 0 | \$ 957,262 | \$ 39,315,976 |
| Special instruction | 19,516,753 | 0 | 0 | 195,120 | 19,711,873 |
| Other instruction | 8,210,378 | 0 | 0 | 1,631,600 | 9,841,978 |
| | <u>\$ 66,085,845</u> | <u>\$ 0</u> | | <u>\$2,783,982</u> | <u>\$ 68,869,827</u> |
| Support services: | | | | | |
| Student services | \$ 4,851,592 | \$ 0 | \$ 0 | \$ 41,504 | \$ 4,893,096 |
| Instructional staff services | 3,680,091 | 0 | 0 | 75,375 | 3,755,466 |
| Administration services | 10,042,091 | 3,000 | 0 | 383,871 | 10,428,962 |
| Operation and maintenance of plant services | 8,322,151 | 0 | 0 | 796,104 | 9,118,255 |
| Transportation services | 2,897,710 | 0 | 0 | 247,623 | 3,145,333 |
| | <u>\$ 29,793,635</u> | <u>\$ 3,000</u> | <u>\$ 0</u> | <u>\$1,544,477</u> | <u>\$ 31,341,112</u> |
| Non-instructional programs | \$ 88,351 | \$ 0 | \$ 0 | \$ 55,198 | \$ 143,549 |
| Other expenditures: | | | | | |
| Facilities acquisition | \$ 0 | \$ 4,598,410 | \$ 0 | \$1,426,382 | \$ 6,024,792 |
| Debt service: | | | | | |
| Principal | 0 | 0 | 4,496,208 | 0 | 4,496,208 |
| Interest | 0 | 0 | 1,675,126 | 0 | 1,675,126 |
| AEA flow-through | 4,106,863 | 0 | 0 | 0 | 4,106,863 |
| TIF property tax payment to City | 0 | 0 | 0 | 25,690 | 25,690 |
| | <u>\$ 4,106,863</u> | <u>\$ 4,598,410</u> | <u>\$ 6,171,334</u> | <u>\$1,452,072</u> | <u>\$ 16,328,679</u> |
| Total expenditures | <u>\$100,074,694</u> | <u>\$ 4,601,410</u> | <u>\$ 6,171,334</u> | <u>\$5,835,729</u> | <u>\$116,683,167</u> |
| Excess (deficiency) of revenues over (under) expenditures | \$ (282,046) | \$ 6,353,355 | \$(5,844,225) | \$ 686,702 | \$ 913,786 |
| Other financing sources: | | | | | |
| Sales of property and equipment | \$ 34,261 | \$ 0 | \$ 0 | \$ 99,167 | \$ 133,428 |
| Operating transfers in | 204,325 | 0 | 7,572,213 | 0 | 7,776,538 |
| Operating transfers out | (6,150) | (7,572,213) | 0 | (74,835) | (7,653,198) |
| Net change in fund balances | \$ (49,610) | \$ (1,218,858) | \$ 1,727,988 | \$ 711,034 | \$ 1,170,554 |
| Fund balances beginning of year | 760,216 | 5,258,518 | 4,605,382 | 2,000,669 | 12,624,785 |
| Fund balances end of year | <u>\$ 710,606</u> | <u>\$ 4,039,660</u> | <u>\$ 6,333,370</u> | <u>\$2,711,703</u> | <u>\$ 13,795,339</u> |

See notes to financial statements.

Dubuque Community School District

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities**

Year Ended June 30, 2008

Net change in fund balances – total governmental funds (page 25) \$ 1,170,554

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year as follows:

| | | |
|---------------------------------|--------------------|-----------|
| Expenditures for capital assets | \$ 9,773,712 | |
| Depreciation expense | <u>(3,989,638)</u> | 5,784,074 |

Proceeds from the sale of property and equipment are reported in the governmental funds, however, in the statement of activities, it is netted against the book value of the assets being deleted and only the gain portion is recognized.

Net book value of assets retired this year. (370,846)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the Statement of Activities. 4,496,208

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 the governmental funds.

| | | |
|----------------------|--|-----------------|
| Compensated absences | | <u>(20,071)</u> |
|----------------------|--|-----------------|

Change in net assets of governmental activities (page 22) \$11,059,919

See notes to financial statements.

Dubuque Community School District

**Statement of Net Assets
Proprietary Fund**

June 30, 2008

| | School Nutrition |
|---|-----------------------------|
| Assets: | |
| Cash | \$ 861,826 |
| Due from other governments | 3,387 |
| Inventories | 82,307 |
| Capital assets, net of accumulated depreciation | 483,616 |
| Total assets | <u>\$1,431,136</u> |
| Liabilities: | |
| Accounts payable | \$ 291 |
| Salaries and benefits payable | 3,374 |
| Deferred revenue | 61,230 |
| Total liabilities | <u>\$ 64,895</u> |
| Net Assets: | |
| Invested in capital assets, net of related debt | \$ 483,616 |
| Unrestricted | 882,625 |
| Total net assets | <u>\$1,366,241</u> |

See notes to financial statements.

Dubuque Community School District
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund

Year Ended June 30, 2008

| | |
|------------------------------|----------------------|
| Operating revenue: | |
| Local sources: | |
| Charges for service | \$ 2,369,246 |
| Donations | 1,000 |
| Total operating revenue | <u>\$ 2,370,246</u> |
| Operating expenses: | |
| Non-instructional programs: | |
| Food service operations: | |
| Salaries | \$ 1,427,709 |
| Benefits | 470,765 |
| Purchased services | 38,328 |
| Supplies | 2,131,087 |
| Depreciation | 81,901 |
| Loss on disposal of assets | 9,449 |
| Total operating expenses | <u>\$ 4,159,239</u> |
| Operating loss | <u>\$(1,788,993)</u> |
| Non-operating revenue: | |
| State sources | \$ 44,086 |
| Federal sources | 1,774,251 |
| Interest on investments | 47,965 |
| Total non-operating revenue | <u>\$ 1,866,302</u> |
| Income before transfers | \$ 77,309 |
| Operating transfers in | 9,728 |
| Operating transfers out | <u>(136,069)</u> |
| Change in net assets | \$ (49,032) |
| Net assets beginning of year | <u>1,415,273</u> |
| Net assets end of year | <u>\$ 1,366,241</u> |

See notes to financial statements.

Dubuque Community School District

**Statement of Cash Flows
Proprietary Fund**

Year Ended June 30, 2008

| | School Nutrition |
|---|-----------------------------|
| Cash received from sale of lunches and breakfasts | \$ 2,336,922 |
| Cash received from miscellaneous operating activities | 46,149 |
| Cash payments to employees for services | (1,895,099) |
| Cash payments to suppliers for goods or services | <u>(1,957,207)</u> |
| Net cash used in operating activities | <u>\$(1,469,235)</u> |
| Cash flows from non-capital financing activities: | |
| State grants received | \$ 44,086 |
| Federal grants received | 1,537,635 |
| Transfers from other funds | 9,728 |
| Transfers to other funds | <u>(136,069)</u> |
| Net cash provided by non-capital financing activities | <u>\$ 1,455,380</u> |
| Cash flows from capital and related financing activities: | |
| Acquisition of capital assets | <u>\$ (37,016)</u> |
| Cash flows from investing activities: | |
| Interest on investments | <u>\$ 47,965</u> |
| Net (decrease) in cash and cash equivalents | \$ (2,906) |
| Cash and cash equivalents at beginning of year | <u>864,732</u> |
| Cash and cash equivalents at end of year | <u>\$ 861,826</u> |

Dubuque Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2008

| | <u>School</u> <u>Nutrition</u> |
|---|-----------------------------------|
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | \$(1,788,993) |
| Adjustments to reconcile operating loss to net cash used in operation activities: | |
| Commodities used | 234,448 |
| Depreciation | 81,901 |
| Loss on disposal of assets | 9,449 |
| (Increase) in inventories | (22,488) |
| Increase in accounts payable | 239 |
| Increase in accrued salaries and benefits | 3,374 |
| Increase in deferred revenue (non-federal grants) | <u>12,835</u> |
| Net cash used in operating activities | <u>\$(1,469,235)</u> |

Non-cash investing, capital, and financial activities:

During the year ended June 30, 2008, the District received \$234,448 of federal commodities.

See notes to financial statements.

Dubuque Community School District

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2008

| | <u>Private Purpose Trust</u> | <u>Scholarship</u> | <u>Agency</u> |
|---------------------------|--------------------------------------|--------------------|-----------------|
| Assets: | | | |
| Cash | \$152,717 | | \$28,261 |
| Inventories | <u>0</u> | | <u>270</u> |
| Total assets | | | <u>\$28,531</u> |
| Liabilities: | | | |
| Other payables | <u>\$ 0</u> | | <u>\$28,531</u> |
| Net Assets: | | | |
| Reserved for scholarships | <u>\$152,717</u> | | <u>\$ 0</u> |

See notes to financial statements.

Dubuque Community School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year Ended June 30, 2008

| | Private Purpose Trust | | | | Total |
|------------------------------|--|--|---|--|------------------|
| | Trust | Scholarships | | | |
| | Prescott Elementary Trust | Dubuque Senior High School Scholarships | Stephen Hempstead High School Scholarships | Central High School Scholarship | |
| Additions: | | | | | |
| Local sources: | | | | | |
| Other local sources | \$ 0 | \$ 6,494 | \$ 1,650 | \$ 0 | \$ 8,144 |
| Interest on investments | <u>783</u> | <u>5,975</u> | <u>1,685</u> | <u>32</u> | <u>8,475</u> |
| Total revenues | <u>\$ 783</u> | <u>\$ 12,469</u> | <u>\$ 3,335</u> | <u>\$ 32</u> | <u>\$ 16,619</u> |
| Deductions: | | | | | |
| Instruction: | | | | | |
| Regular instruction: | | | | | |
| Other | <u>\$ 0</u> | <u>\$ 6,280</u> | <u>\$ 5,199</u> | <u>\$ 0</u> | <u>\$ 11,479</u> |
| Change in net assets | \$ 783 | \$ 6,189 | \$(1,864) | \$ 32 | 5,140 |
| Net assets beginning of year | <u>\$13,746</u> | <u>\$101,574</u> | <u>\$31,697</u> | <u>\$560</u> | <u>147,577</u> |
| Net assets end of year | <u>\$14,529</u> | <u>\$107,763</u> | <u>\$29,833</u> | <u>\$592</u> | <u>\$152,717</u> |

See notes to financial statements.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note: 1 Summary of Significant Accounting Policies

Dubuque Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Dubuque, Iowa, portions of Dubuque County and Jackson County, Iowa. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Dubuque Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Dubuque Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the City of Dubuque and Dubuque Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 1: Summary of Significant Accounting Policies: (continued)

B. Basis of Presentation: (continued)

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 1: Summary of Significant Accounting Policies: (continued)

B. Basis of Presentation: (continued)

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 1: Summary of Significant Accounting Policies: (continued)

C. Measurement Focus and Basis of Accounting: (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 1: Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities and Fund Equity: (continued)

Property Tax Receivable – Property tax in the governmental funds is accounted for using the modified accrual basis of accounting.

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006, assessed property valuations; is for the tax accrual period July 1, 2007, through June 30, 2008, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. District machinery and equipment with a cost of more than \$1,500 will be capitalized. The Nutrition Fund equipment is capitalized with a cost of more than \$500.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 1: Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities and Fund Equity: (continued)

Property, furniture and equipment are depreciated using the straight-line method of depreciation over the following estimated useful lives:

| | |
|-------------------------------------|------------|
| Buildings | 50 years |
| Improvements to buildings and sites | 20 years |
| Furniture and equipment | 5-12 years |

Salaries and Benefits Payable- Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements for all employees. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 1: Summary of Significant Accounting Policies: (continued)

D. Assets, Liabilities and Fund Equity: (continued)

Restricted Net Assets – In the Government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Note 2: Cash and Pooled Investments

As of June 30, 2008, the book balance of the District's petty cash totaled \$4,225 and the cash deposit balances totaled \$11,357,350.

As of June 30, 2008, the District had investments as follows:

| <u>Investment</u> | <u>Type</u> | <u>Issue Date</u> | <u>Term</u> | <u>Maturity Date</u> | <u>Amount</u> |
|--------------------------|------------------------|-------------------|-------------|----------------------|--------------------|
| Dubuque Bank & Trust | Certificate of Deposit | 04/20/07 | 75 months | 07/20/13 | \$ 859,000 |
| Dubuque Bank & Trust | Certificate of Deposit | 04/19/07 | 75 months | 07/19/13 | 3,700,000 |
| Dubuque Bank & Trust | Money Market | 05/20/08 | 78 days | 08/06/08 | 1,003,199 |
| Dubuque Bank & Trust | Certificate of Deposit | 05/20/08 | 178 days | 11/14/08 | 1,000,000 |
| American Trust & Savings | Certificate of Deposit | 02/04/08 | 366 days | 02/05/09 | 650,000 |
| Premier Bank | Certificate of Deposit | 02/04/08 | 366 days | 02/05/09 | 1,000,000 |
| | | | | | <u>\$8,212,199</u> |

Interest Rate Risk: The District's investment policy limits the investments of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the District.

Credit Risk: The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; 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. The District has no investment policies that would further limit its investment choices.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 2: Cash and Pooled Investments (continued)

Concentration of Credit Risk: The District's general investment policy is to apply the prudent-person rule: In making investments, the District will exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use to meet the goals of the investment program.

Custodial Credit Risk: For deposits and investments, this is the risk that, in the event of bank failure, the District's deposits may not be returned to it. Chapter 12C of the Code of Iowa requires all District deposits in banks to be entirely covered by federal depository insurance or by the State Sinking Fund. As of June 30, 2008, the District had no deposits or investments subject to custodial credit risk.

The following is a reconciliation of cash and investments as shown on the financial statements:

| | |
|--------------------------|---------------------|
| Petty cash | \$ 4,225 |
| Cash deposits | 11,357,350 |
| Investments | <u>8,212,199</u> |
| | <u>\$19,573,774</u> |
| | |
| Governmental activities | \$18,530,970 |
| Business-type activities | 861,826 |
| Fiduciary funds: | |
| Private Purpose Trust | 152,717 |
| Agency | <u>28,261</u> |
| | <u>\$19,573,774</u> |

Note 3: Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2008, is as follows:

| Transfer to | Transfer from | Amount |
|-----------------------|------------------|--------------------|
| Proprietary | General | \$ 6,150 |
| Debt Service | Capital Projects | 7,572,213 |
| General | Proprietary | 136,069 |
| General | Special Revenue: | |
| | Student Activity | 68,256 |
| Proprietary | Special Revenue: | |
| | Student Activity | 3,579 |
| Fiduciary: | Special Revenue: | |
| Private Purpose Trust | Student Activity | <u>3,000</u> |
| Total | | <u>\$7,789,267</u> |

Transfers generally move revenue from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 4: Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2008, is as follows:

| Series | Warrant Date | Final Warrant Maturity | Investments | Accrued Interest Receivable | Warrants Payable | Accrued Interest Payable | Unamortized Bond Premium |
|----------|--------------|------------------------|--------------------|-----------------------------|--------------------|--------------------------|--------------------------|
| 2007-08A | 06/27/07 | 06/27/08 | \$ 0 | \$ 348 | \$ 0 | \$ 0 | \$ 0 |
| 2008-09A | 06/26/08 | 06/25/09 | 5,040,750 | 1,911 | 5,000,000 | 1,918 | 85,750 |
| | | | <u>\$5,040,750</u> | <u>\$2,259</u> | <u>\$5,000,000</u> | <u>\$1,918</u> | <u>\$85,750</u> |

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008, is as follows:

| Series | Balance Beginning of Year | Advances Received | Advances Repaid | Balance End of Year |
|----------|---------------------------|-------------------|-----------------|---------------------|
| 2007-08A | \$0 | \$1,183,128 | \$1,183,128 | \$0 |

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

| Series | Interest Rates on Warrants | Interest Rates on Investments |
|----------|----------------------------|-------------------------------|
| 2007-08A | 4.500% | 5.455% |
| 2008-09A | 3.500% | 3.469% |

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 5: Capital Assets

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

| | Balance Beginning of Year | Increases | (Decreases) | Balance End of Year |
|--|--|----------------------------|-----------------------------|--------------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 7,300,317 | \$ 0 | \$ (31,005) | \$ 7,269,312 |
| Construction in progress | 18,750,287 | 0 | (6,508,879) | 12,241,408 |
| Total capital assets not being depreciated | <u>\$26,050,604</u> | <u>\$ 0</u> | <u>\$(6,539,884)</u> | <u>\$ 19,510,720</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$73,626,782 | \$14,927,387 | \$ (294,309) | \$ 88,259,860 |
| Land improvements | 5,903,993 | 10,910 | 0 | 5,914,903 |
| Furniture and equipment | 18,403,295 | 1,344,294 | (1,179,333) | 18,568,256 |
| Total capital assets being depreciated | <u>\$97,934,070</u> | <u>\$16,282,591</u> | <u>\$(1,473,642)</u> | <u>\$112,743,019</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | \$21,099,631 | \$ 1,815,523 | \$ (12,263) | \$ 22,902,891 |
| Land improvements | 3,351,741 | 257,209 | 0 | 3,608,950 |
| Furniture and equipment | 10,824,792 | 1,916,906 | (1,121,538) | 11,620,160 |
| Total accumulated depreciation | <u>\$35,276,164</u> | <u>\$ 3,989,638</u> | <u>\$(1,133,801)</u> | <u>\$ 38,132,001</u> |
| Total capital assets being depreciated, net | <u>\$62,657,906</u> | <u>\$12,292,953</u> | <u>\$ (339,841)</u> | <u>\$ 74,611,018</u> |
| Governmental activities capital assets, net | <u><u>\$88,708,510</u></u> | <u><u>\$12,292,953</u></u> | <u><u>\$(6,879,725)</u></u> | <u><u>\$ 94,121,738</u></u> |
| Business-type Activities: | | | | |
| Furniture and equipment | \$ 1,509,953 | \$ 37,016 | \$ (64,364) | \$ 1,482,605 |
| Less accumulated depreciation | 972,003 | 81,901 | (54,915) | 998,989 |
| Business-type activities capital assets, net | <u>\$ 537,950</u> | <u>\$ (44,885)</u> | <u>\$ (9,449)</u> | <u>\$ 483,616</u> |

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 5: Capital Assets: (continued)

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

| | |
|---------|------------|
| Regular | \$ 469,941 |
| Special | 24,826 |
| Other | 84,174 |

Support services:

| | |
|------------------------------------|---------|
| Student services | 19,501 |
| Instructional staff | 34,438 |
| Administration | 196,140 |
| Operation and maintenance of plant | 98,363 |
| Transportation | 662,623 |

| | |
|----------------------------|--------------------|
| Non-instructional programs | 2,646 |
| | <u>\$1,592,652</u> |

| | |
|--------------------------|------------------|
| Unallocated depreciation | <u>2,396,986</u> |
|--------------------------|------------------|

| | |
|--|--------------------|
| Total governmental activities depreciation expense | <u>\$3,989,638</u> |
|--|--------------------|

Business-type activities:

| | |
|----------------------|------------------|
| Food services | |
| Regular depreciation | <u>\$ 81,901</u> |

Note 6: Termination of Benefits

The District offers voluntary early retirement plans to its certified, administrative, and classified employees. Eligible employees must be at least age fifty-five, must have completed either fifteen or twenty years of service, depending on the employee's classification, and the last five years must be consecutive or employed for thirty years, of which the last one year shall be consecutive full-time. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement incentive for each eligible employee is up to 50% of the employee's base salary calculated by using different methods depending on the type of employee.

The cost of early retirements expected to be liquidated currently, are recorded as a liability of the special revenue – management levy fund. At June 30, 2008, the District has obligations to 37 participants with a total accrued liability of \$450,476. These early retirement benefits will be paid July 8, 2008.

Early retirement benefits paid during the year ended June 30, 2008, totaled \$296,867.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 7: Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008, are summarized as follows:

| | Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|----------------------|--|------------------|--------------------|------------------------------------|------------------------------------|
| Revenue bonds | \$45,262,250 | \$ 0 | \$4,496,208 | \$40,766,042 | \$7,466,208 |
| Compensated absences | 438,046 | 458,117 | 438,046 | 458,117 | 458,117 |
| | <u>\$45,700,296</u> | <u>\$458,117</u> | <u>\$4,934,254</u> | <u>\$41,224,159</u> | <u>\$7,924,325</u> |

Revenue Bonds Payable

Summary of debt service requirements to maturity on the outstanding bonded indebtedness and loans as of June 30, 2008, is as follows:

| Summary – Debt Service Requirements to Maturity | | | |
|--|---------------------|--------------------|---------------------|
| Fiscal Year | Principal | Interest | Total |
| 2009 | \$ 7,466,208 | \$1,479,355 | \$ 8,945,563 |
| 2010 | 7,691,208 | 1,235,718 | 8,926,926 |
| 2011 | 7,946,208 | 930,180 | 8,876,388 |
| 2012 | 8,191,208 | 630,381 | 8,821,589 |
| 2013 | 9,471,210 | 295,945 | 9,767,155 |
| | <u>\$40,766,042</u> | <u>\$4,571,579</u> | <u>\$45,337,621</u> |

Details of the District's June 30, 2008, local option sales and services tax revenue bonded indebtedness are as follows:

Interest-bearing bonds

A. Parity Bonds

| 2004 Series Bonds | | | | |
|-------------------------------------|----------------------|---------------------|--------------------|---------------------|
| Year Ending June 30, | Interest Rate | Principal | Interest | Total |
| 2009 | 3.62% | \$ 0 | \$ 615,840 | \$ 615,840 |
| 2010 | 3.62% - 4.00% | 2,055,000 | 615,840 | 2,670,840 |
| 2011 | 3.35% - 3.45% | 4,810,000 | 493,691 | 5,303,691 |
| 2012 | 3.55% - 3.60% | 4,980,000 | 326,238 | 5,306,238 |
| 2013 | 3.45% - 3.75% | 5,155,000 | 144,767 | 5,299,767 |
| Total | | <u>\$17,000,000</u> | <u>\$2,196,376</u> | <u>\$19,196,376</u> |

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 7: Long-term Liabilities: (continued)

2005 Series Bonds

| Year Ending June 30, | Interest Rate | Principal | Interest | Total |
|-------------------------------------|----------------------|--------------------|------------------|--------------------|
| 2009 | 2.75% | \$4,600,000 | \$195,425 | \$4,795,425 |
| 2010 | 3.00% | 2,700,000 | 75,050 | 2,775,050 |
| 2011 | 3.05% - 3.10% | 200,000 | 18,025 | 218,025 |
| 2012 | 3.25% - 3.30% | 200,000 | 11,775 | 211,775 |
| 2013 | 3.40% - 3.45% | 200,000 | 5,150 | 205,150 |
| Total | | <u>\$7,900,000</u> | <u>\$305,425</u> | <u>\$8,205,425</u> |

Interest-bearing bonds

A. Parity Bonds

2006 A Series Bonds

| Year Ending June 30, | Interest Rate | Principal | Interest | Total |
|-------------------------------------|----------------------|--------------------|------------------|--------------------|
| 2009 | 4.00% | \$ 760,000 | \$142,699 | \$ 902,699 |
| 2010 | 4.00% | 745,000 | 112,499 | 857,499 |
| 2011 | 4.00% | 705,000 | 83,099 | 788,099 |
| 2012 | 4.10% | 730,000 | 54,518 | 784,518 |
| 2013 | 4.125% | 775,000 | 24,028 | 799,028 |
| Total | | <u>\$3,715,000</u> | <u>\$416,843</u> | <u>\$4,131,843</u> |

B. Subordinate Bonds

2006 B Series Bonds

| Year Ending June 30, | Interest Rate | Principal | Interest | Total |
|-------------------------------------|----------------------|--------------------|--------------------|--------------------|
| 2009 | 4.82% | \$ 0 | \$ 284,875 | \$ 284,875 |
| 2010 | 4.82% | 0 | 284,875 | 284,875 |
| 2011 | 4.50% | 490,000 | 284,875 | 774,875 |
| 2012 | 4.625% | 2,180,000 | 237,850 | 2,417,850 |
| 2013 | 5.00% | 3,240,000 | 122,000 | 3,362,000 |
| Total | | <u>\$5,910,000</u> | <u>\$1,214,475</u> | <u>\$7,124,475</u> |

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 7: Long-term Liabilities: (continued)

| 2007 Series Bonds | | | | |
|-------------------------------------|----------------------|------------------|-----------------|--------------|
| Year Ending June 30, | Interest Rate | Principal | Interest | Total |
| 2009 | 4.59% | \$2,005,000 | \$240,516 | \$2,245,516 |
| 2010 | 4.59% | 2,090,000 | 147,454 | 2,237,454 |
| 2011 | 4.59% | 1,640,000 | 50,490 | 1,690,490 |
| Total | | \$5,735,000 | \$438,460 | \$6,173,460 |

The Bond Resolutions require that Local Option Tax revenues be deposited into the Revenue Fund and disbursed only as follows:

1) Sinking Fund

(a) Money in the Revenue Fund shall first be disbursed to make deposits into a separate and special trust fund to pay the principal and interest requirements of the Fiscal Year and to maintain the reserve for the Outstanding Bonds and Parity Bonds as provided in the Prior Bond Resolutions. (b) Money in the Revenue Fund shall next be disbursed to make deposits into a separate and special trust fund to pay the principal and interest requirements of the Fiscal Year on the Bonds herein authorized and Outstanding Subordinate Bonds. The fund shall be known as the Subordinate Bonds School Infrastructure Local Option Sales and Services Tax Revenue Bond and Interest Sinking Fund (the "Subordinate Bond Sinking Fund"). The required amount to be deposited in the Subordinate Bond Sinking Fund in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Bonds, Outstanding Subordinate Bonds, and Additional Subordinate Bonds plus the equal monthly amount necessary to pay in full the installment of principal coming due on such bonds on the next succeeding principal payment date until the full amount of such installment is on hand. If for any reason the amount on hand in the Subordinate Bond Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Revenue Fund. Money in the Subordinate Bond Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds, Outstanding Subordinate Bonds, and Additional Subordinate Bonds as the same shall become due and payable. Accrued interest, if any, shall be deposited in the subordinate Bond Sinking Fund.

2) Reserve Fund

Money in the Revenue Fund shall next be disbursed into the Escrow Account for the Reserve Fund to be held by the Escrow Agent and Paying Agent to maintain a debt service reserve in an amount equal to the Reserve Fund Requirement. Such fund shall be known as the Subordinate School Infrastructure Local Option Sales and Services Tax Revenue Debt Service Reserve Fund (the "Subordinate Reserve Fund"). In each month, there shall be deposited in the Reserve Fund an amount equal to one hundred percent (100%) of the amount required by this Resolution to be

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 7: Long-term Liabilities: (continued)

deposited in such month in the Sinking Fund; provided, however, that when the amount on deposit in the Reserve Fund shall be not less than the Reserve Fund Requirement, no further deposits shall be made into the Reserve Fund except to maintain such level, and when the amount on deposit in the Reserve Fund is greater than the balance required above, such additional amounts shall be withdrawn and paid into the Early Bond Redemption Fund. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Bonds, Outstanding Subordinate Bonds, and Additional Subordinate Bonds for the payment of which insufficient money shall be available in the Sinking Fund. Whenever it shall become necessary to so use money in the Reserve Fund, the payments required above shall be continued or resumed and made to the Escrow Fund held by the Escrow and Paying Agent until it shall have been restored to the required minimum amount.

3) Early Bond Redemption Fund

Beginning July 1, 2008, money in the Revenue Fund shall next be deposited into the Early Bond Redemption Fund until such time as coverage on the Bonds and the Outstanding Subordinate Bonds shall be not less than 1.15 times the maximum amount that will be required in any Fiscal Year in which Bonds or Outstanding Subordinate Bonds remain outstanding. Deposits into this Fund shall not begin until the Issuer has met the following test, however, deposits must begin by July 1, 2009:

- (i) The Issuer has completed construction and furnishing of the new west-side elementary building in an amount not greater than \$12,000,000; the downtown elementary building in an amount not greater than \$6,800,000; the new middle school in the amount of \$2,500,000; and the Jefferson Middle School project in an amount not to exceed \$300,000;
- (ii) The Issuer has completed construction and furnishing of improvements at Stephen Hempstead High School in an amount not greater than \$13,000,000 for Phases II, III, and IV of improvements to this facility;
- (iii) Provided, however, that the expenditures contemplated in sections (i) and (ii) herein must be completed, except for retainage, by June 30, 2009.

4) Operating Reserve Fund

Money next on hand in the Revenue Fund shall be deposited into the Operating Reserve Fund until such time as a balance of \$1,000,000 is on hand. Money in this Fund shall be used to make debt service payments on the Bonds and Outstanding Subordinate Bonds in the event that money on hand in the Sinking Fund or Reserve Fund is insufficient for that purpose. Interest earnings from this fund shall be deposited into the Revenue Fund. Whenever it shall become necessary to so use money in the Operating Reserve Fund, the payments required above shall be continued or resumed until it shall have been restored to the required minimum amount.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 7: Long-term Liabilities: (continued)

5) Surplus Revenue

Any remaining money may be used to pay or redeem any of the Outstanding Bonds, Parity Bonds, the Bonds, or Outstanding Subordinate Bonds, or may be transferred to the Project Fund to be used for any lawful purpose.

Money in the Revenue Fund shall be allotted and paid into the various funds and accounts hereinbefore referred to in the order in which said funds are listed, on a cumulative basis on or before the 15th day of each month, or on the next succeeding business day when the 15th shall not be a business day; and if in any month the money in the Revenue Fund (including the Subordinate Bond Sinking Fund or the Subordinate Bond Reserve Fund) shall be insufficient to deposit or transfer the required amount in any of said funds or accounts, the deficiency shall be made up in the following month or months after payments into all funds and accounts enjoying a prior claim to the revenues shall have been met in full.

Failure to make such allocation and payment without cure within thirty days shall constitute an Event of Default under this Resolution.

Non-interest bearing bonds (QZABs [Qualified Zone Academy Bonds])

QZAB Bond Issue of January 3, 2005

| Year Ending | | | | |
|--------------------|----------------------|------------------|-----------------|------------------|
| June 30, | Interest Rate | Principal | Interest | Total |
| 2009 | 0.00% | \$101,208 | \$0 | \$101,208 |
| 2010 | 0.00% | 101,208 | 0 | 101,208 |
| 2011 | 0.00% | 101,208 | 0 | 101,208 |
| 2012 | 0.00% | 101,208 | 0 | 101,208 |
| 2013 | 0.00% | 101,210 | 0 | 101,210 |
| Total | | <u>\$506,042</u> | <u>\$0</u> | <u>\$506,042</u> |

The QZABs are authorized by Section 1397E of the Internal Revenue Code of 1986, and were issued to equip, rehabilitate, and repair Jefferson Middle School. Under the terms of the Investment Agreement, the District will make annual payments of \$101,208.38 in January of each year, commencing January 2006 (8 total payments amount to \$809,667). Each payment will be held in trust by Bank of America until final maturity on January 3, 2013. In addition, Bank of America will make semi-annual interest payments directly to the District on the amount held in trust at the rate of 1.60%, said interest to be payable in January and July of each year. Interest payments received by the District must be deposited into the Local Option Sales Tax Revenue Sinking Fund pledged to make annual bond payments as they come due. The net effect will be to reduce the amount of Local Option Sales Tax Revenue necessary to make each annual payment by the amount of interest paid under the Investment Agreement. The resolution authorizing issuance of the Bond pledges the interest received under the Investment Agreement (along with the Local Option Sales Tax Revenues) to the payment of the Bond.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 7: Long-term Liabilities: (continued)

Under the terms of the QZAB Investment Agreement, each annual payment is due no later than January 3rd of each year. Under the terms of the resolution authorizing issuance of the QZAB Bonds, payments must be made in accordance with the Additional Bonds Test of the District's outstanding Local Option Sales Tax Bonds, dated October 1, 2004 (the "2004 Bonds"), which requires payments to be made on the same month and day as the 2004 Bonds. The 2004 Bonds are payable on January 1st of each year, accordingly, the annual payments on the QZAB Bonds must also be made on January 1st of each year. The terms of the Investment Agreement permit the Bank to accept annual payments on said dates.

The District complied with all revenue-bond provisions during the year ended June 30, 2008.

During the year ended June 30, 2008, the District made interest payments totaling \$1,675,126.

Note 8: Pension and Retirement Benefits

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

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007, and 2006. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$3,807,858, \$3,342,705 and \$3,147,107, respectively, equal to the required contributions for each year.

Note 9: Risk Management

Dubuque Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10: Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$4,106,863 for the year ended June 30, 2008, and is recorded in the general fund by making a memorandum adjusting entry to the financial statements.

Dubuque Community School District

Notes to Financial Statements

June 30, 2008

Note 11: Construction and Other Commitments

On May 8, 2006, the District signed \$7,558,109 of contracts for renovations of current classrooms, library, and locker bay at Hempstead High School. As of June 30, 2008, \$646,293 of change orders had been added to the project. Funding will come from the capital projects fund. As of June 30, 2008, \$7,718,213 had been paid on the contracts.

On September 25, 2007, the District signed an \$840,431 contract for the construction of an addition to Irving Elementary School. As of June 30, 2008, \$3,793 of change orders had been added to the project. Funding will come from the physical plant and equipment fund. As of June 30, 2008, \$678,989 had been paid on the contract.

At June 30, 2008, the District also had approximately \$521,124 in commitments related to unfilled purchase orders for goods and services.

Required Supplementary Information

**Dubuque Community School District
 Budgetary Comparison Schedule of Revenues, Expenditures,
 and Changes in Balances – Budget and Actual (GAAP Basis)
 All Governmental Funds and Proprietary Fund
 Required Supplementary Information
 Year Ended June 30, 2008**

| | GAAP Basis | | | | | |
|---|-----------------------|---------------------|---------------|------------------|----------------|--------------------------------|
| | Actual Amounts | | | Budgeted Amounts | | |
| | Governmental Funds | Proprietary Fund | Total | Original | Amended | Final to Actual Variance |
| Revenues: | | | | | | |
| Local sources | \$ 56,204,207 | \$2,418,211 | \$ 58,622,418 | \$ 58,856,163 | \$ 58,856,163 | \$ (233,745) |
| State sources | 57,095,921 | 44,086 | 57,140,007 | 55,479,933 | 55,479,933 | 1,660,074 |
| Federal sources | 4,296,825 | 1,774,251 | 6,071,076 | 5,227,300 | 5,227,300 | 843,776 |
| Total revenues | \$117,596,953 | \$4,236,548 | \$121,833,501 | \$119,563,396 | \$119,563,396 | \$2,270,105 |
| Expenditures: | | | | | | |
| Instruction | \$ 68,869,827 | \$ 0 | \$ 68,869,827 | \$ 64,495,786 | \$ 70,495,786 | \$1,625,959 |
| Support services | 31,341,112 | 0 | 31,341,112 | 31,126,180 | 32,126,180 | 785,068 |
| Non-instructional programs | 143,549 | 4,159,239 | 4,302,788 | 4,242,246 | 5,242,246 | 939,458 |
| Other expenditures | 16,328,679 | 0 | 16,328,679 | 19,471,409 | 20,471,409 | 4,142,730 |
| Total expenditures | \$116,683,167 | \$4,159,239 | \$120,842,406 | \$119,335,621 | \$128,335,621 | \$7,493,215 |
| Excess (deficiency) of revenues over expenditures | \$ 913,786 | \$ 77,309 | \$ 991,095 | \$ 227,775 | \$ (8,772,225) | \$9,763,320 |
| Other financing sources, net | 256,768 | (126,341) | 130,427 | (51,000) | (51,000) | 181,427 |
| Excess (deficiency) of revenues and other financing sources over expenditures | \$ 1,170,554 | \$ (49,032) | \$ 1,121,522 | \$176,775 | \$ (8,823,225) | \$9,944,747 |
| Balances beginning of year | 12,624,785 | 1,415,273 | 14,040,058 | 14,589,143 | 14,589,143 | (549,085) |
| Balances end of year | \$ 13,795,339 | \$1,366,241 | \$ 15,161,580 | \$ 14,765,918 | \$ 5,765,918 | \$9,395,662 |

See accompanying independent auditors' report.

Dubuque Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund, each special revenue fund, capital projects fund, and debt service fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Appropriations lapse at fiscal year-end and then are reappropriated for the next year, if necessary.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the general fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$9,000,000.

Other Supplementary Information

Dubuque Community School District

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2008

| | | Special Revenue | | | |
|--|--|--------------------|---------------------|--|--------------------|
| | | Management Levy | Student Activity | Physical Plant and Equipment Levy | Total |
| Assets | | | | | |
| Cash | | \$1,681,225 | \$821,934 | \$ 783,313 | \$3,286,472 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Delinquent | | 25,558 | 0 | 30,405 | 55,963 |
| Succeeding year | | 2,200,000 | 0 | 2,733,587 | 4,933,587 |
| Due from other governments | | 0 | 0 | 41,111 | 41,111 |
| Total Assets | | \$3,906,783 | \$821,934 | \$3,588,416 | \$8,317,133 |
| Liabilities and Fund Equity | | | | | |
| Liabilities: | | | | | |
| Accounts payable | | \$ 6,032 | \$ 13,735 | \$ 191,650 | \$ 211,417 |
| Early retirement payable | | 450,476 | 0 | 0 | 450,476 |
| Deferred revenue: | | | | | |
| Succeeding year property tax | | 2,200,000 | 0 | 2,733,587 | 4,933,587 |
| Other | | 4,542 | 0 | 5,408 | 9,950 |
| Total liabilities | | \$2,661,050 | \$ 13,735 | \$2,930,645 | \$5,605,430 |
| Fund equity: | | | | | |
| Reserved for student activities | | \$ 0 | \$808,199 | \$ 0 | \$ 808,199 |
| Unreserved/undesignated fund balances | | 1,245,733 | 0 | 657,771 | 1,903,504 |
| Total fund balances | | \$1,245,733 | \$808,199 | \$ 657,771 | \$2,711,703 |
| Total liabilities and fund equity | | \$3,906,783 | \$821,934 | \$3,588,416 | \$8,317,133 |

See accompanying independent auditors' report.

Dubuque Community School District

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2008

| | Special Revenue | | | Total |
|---|--------------------|---------------------|--|-------------|
| | Management Levy | Student Activity | Physical Plant and Equipment Levy | |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$2,054,459 | \$ 0 | \$2,532,490 | \$4,586,949 |
| Other | 173,458 | 1,731,112 | 27,447 | 1,932,017 |
| State sources | 1,607 | 0 | 1,858 | 3,465 |
| Federal sources | 0 | 0 | 0 | 0 |
| Total revenues | \$2,229,524 | \$1,731,112 | \$2,561,795 | \$6,522,431 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular instruction | \$ 531,840 | \$ 0 | \$ 425,422 | \$ 957,262 |
| Special instruction | 195,120 | 0 | 0 | 195,120 |
| Other instruction | 2,988 | 1,628,612 | 0 | 1,631,600 |
| Support services: | | | | |
| Student services | 41,504 | 0 | 0 | 41,504 |
| Instructional staff services | 75,375 | 0 | 0 | 75,375 |
| Administration services | 299,965 | 0 | 83,906 | 383,871 |
| Operation and maintenance of plant services | 695,332 | 0 | 100,772 | 796,104 |
| Transportation services | 193,019 | 0 | 54,604 | 247,623 |
| Non-instructional programs | 55,198 | 0 | 0 | 55,198 |
| Other expenditures: | | | | |
| Facilities acquisition | 0 | 0 | 1,426,382 | 1,426,382 |
| TIF property tax payment to City | 0 | 0 | 25,690 | 25,690 |
| Total expenditures | \$2,090,341 | \$1,628,612 | \$2,116,776 | \$5,835,729 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 139,183 | \$ 102,500 | \$ 445,019 | \$ 686,702 |
| Other financing sources: | | | | |
| Sales of property and equipment | 0 | 0 | 99,167 | 99,167 |
| Operating transfers out | 0 | (74,835) | 0 | (74,835) |
| Net change in fund balances | \$ 139,183 | \$ 27,665 | \$ 544,186 | \$ 711,034 |
| Fund balances beginning of year | 1,106,550 | 780,534 | 113,585 | 2,000,669 |
| Fund balances end of year | \$1,245,733 | \$ 808,199 | \$ 657,771 | \$2,711,703 |

See accompanying independent auditors' report.

Dubuque Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2008

| | Balance June 30, 2007 | Revenues | Expenditures | Balance June 30, 2008 |
|------------------------------|--------------------------|-------------|--------------|--------------------------|
| Senior High Schools: | | | | |
| Dubuque Senior | \$186,475 | \$ 609,646 | \$ 607,022 | \$189,099 |
| Stephen Hempstead | 198,535 | 695,188 | 677,773 | 215,950 |
| Central Alternative | 27,891 | 5,670 | 11,314 | 22,247 |
| Total Senior High Schools | \$412,901 | \$1,310,504 | \$1,296,109 | \$427,296 |
| Middle Schools: | | | | |
| Washington | \$ 83,681 | \$ 73,598 | \$ 76,019 | \$ 81,260 |
| Jefferson | 52,085 | 73,161 | 62,316 | 62,930 |
| Roosevelt | 48,801 | 101,140 | 95,489 | 54,452 |
| Total Middle Schools | \$184,567 | \$ 247,899 | \$ 233,824 | \$198,642 |
| Elementary Schools: | | | | |
| Audubon | \$ 15,122 | \$ 3,709 | \$ 2,797 | \$ 16,034 |
| Bryant | 6,310 | 8,125 | 9,898 | 4,537 |
| Eisenhower | 4,057 | 20,755 | 20,444 | 4,368 |
| Carver | 200 | 9,400 | 8,458 | 1,142 |
| Fulton | 19,467 | 15,079 | 12,532 | 22,014 |
| Hoover | 20,852 | 22,951 | 19,330 | 24,473 |
| Irving | 19,692 | 17,797 | 18,486 | 19,003 |
| Kennedy | 13,136 | 21,682 | 14,188 | 20,630 |
| Lincoln | 897 | 12,777 | 11,392 | 2,282 |
| Marshall | 12,621 | 7,987 | 10,320 | 10,288 |
| Prescott | 1,214 | 6,611 | 4,346 | 3,479 |
| Sageville | 2,405 | 8,362 | 9,389 | 1,378 |
| Table Mound | 5,312 | 10,652 | 10,379 | 5,585 |
| Jones Hand-in-Hand Preschool | 297 | 3,216 | 2,934 | 579 |
| Total Elementary Schools | \$121,582 | \$ 169,103 | \$ 154,893 | \$135,792 |
| Athletic reserve | \$ 62,818 | \$ 3,537 | \$ 18,884 | \$ 47,471 |
| District instrumental music | (1,334) | 11,016 | 10,684 | (1,002) |
| | \$ 61,484 | \$ 14,553 | \$ 29,568 | \$ 46,469 |
| Grand Total | \$780,534 | \$1,742,059 | \$1,714,394 | \$808,199 |

See accompanying independent auditors' report.

Dubuque Community School District
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund
Year Ended June 30, 2008

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year |
|--------------------|--|------------------|------------------|------------------------------------|
| Assets | | | | |
| Cash | \$28,873 | \$39,453 | \$40,065 | \$28,261 |
| Inventories | <u>886</u> | <u>0</u> | <u>616</u> | <u>270</u> |
| Total assets | <u>\$29,759</u> | <u>\$39,453</u> | <u>\$40,681</u> | <u>\$28,531</u> |
| Liabilities | | | | |
| Other payables | <u>\$29,759</u> | <u>\$39,453</u> | <u>\$40,681</u> | <u>\$28,531</u> |
| Total liabilities | <u>\$29,759</u> | <u>\$39,453</u> | <u>\$40,861</u> | <u>\$28,531</u> |

See accompanying independent auditors' report.

Dubuque Community School District

Schedule of Revenues by Source and Expenditures by Function

All Governmental Funds

For the Last Four Years

| | Modified Accrual Basis | | | |
|--|------------------------|----------------------|----------------------|----------------------|
| | 2008 | 2007 | 2006 | 2005 |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ 49,698,676 | \$ 47,166,139 | \$ 43,695,073 | \$ 40,863,628 |
| Tuition | 1,974,497 | 1,970,036 | 1,591,829 | 1,522,456 |
| Other | 4,531,034 | 4,342,335 | 4,853,070 | 3,776,111 |
| State sources | 57,095,921 | 51,611,486 | 47,796,591 | 44,019,322 |
| Federal sources | 4,296,825 | 3,460,383 | 3,630,635 | 3,035,986 |
| Total | <u>\$117,596,953</u> | <u>\$108,550,379</u> | <u>\$101,567,198</u> | <u>\$ 93,217,503</u> |
| Expenditures: | | | | |
| Instruction: | | | | |
| Regular instruction | \$ 39,315,976 | \$ 36,383,897 | \$ 34,064,192 | \$ 31,370,284 |
| Special instruction | 19,711,873 | 17,799,574 | 16,289,430 | 14,828,336 |
| Other instruction | 9,841,978 | 9,059,837 | 8,659,689 | 8,018,424 |
| Support services: | | | | |
| Student services | 4,893,096 | 4,422,022 | 4,285,632 | 3,944,056 |
| Instructional staff services | 3,755,466 | 3,615,550 | 4,135,111 | 3,960,303 |
| Administration services | 10,428,962 | 10,120,152 | 9,499,497 | 8,139,883 |
| Operation and maintenance of plant services | 9,118,255 | 8,564,905 | 8,312,753 | 6,382,867 |
| Transportation services | 3,145,333 | 3,729,525 | 3,364,702 | 3,108,408 |
| Non-instructional programs | 143,549 | 133,012 | 166,235 | 183,046 |
| Other expenditures: | | | | |
| Facilities acquisition | 6,024,792 | 18,839,199 | 21,353,125 | 29,054,751 |
| Debt service: | | | | |
| Principal | 4,496,208 | 1,036,209 | 101,208 | 7,000,000 |
| Interest | 1,675,126 | 1,542,704 | 1,236,956 | 491,732 |
| AEA flow-through | 4,106,863 | 3,803,870 | 3,532,385 | 3,307,910 |
| TIF property tax payment to City | 25,690 | 26,248 | 26,248 | 25,478 |
| City street assessments | 0 | 79,548 | 0 | 0 |
| Total | <u>\$116,683,167</u> | <u>\$119,156,252</u> | <u>\$115,027,163</u> | <u>\$119,815,478</u> |

The Schedule of Revenues by Source and Expenditures by Function, Schedule 5, presents the last four years of data. This schedule should eventually accumulate a ten-year history of data.

See accompanying independent auditors' report.

Dubuque Community School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

| Grantor/Program | CFDA Number | Grant Number | Expenditures |
|---|-------------|--------------|--------------------|
| Direct: | | | |
| U.S. Department of Education: | | | |
| Fund for the Improvement of Education | 84.215 | FY08 | \$ <u>146,986</u> |
| Indirect: | | | |
| U.S. Department of Agriculture: | | | |
| Iowa Department of Education: | | | |
| Food Donation (non-cash) | 10.550 | FY08 | \$ <u>234,448</u> |
| School Nutrition Cluster Programs: | | | |
| School Breakfast Program | 10.553 | FY08 | \$ 186,907 |
| National School Lunch Program | 10.555 | FY08 | <u>1,344,728</u> |
| | | | <u>\$1,531,635</u> |
| Team Nutrition Grant | 10.574 | FY08 | <u>\$ 4,781</u> |
| Iowa Department of Education: | | | |
| Title I Grants to LEA | 84.010 | 1863-G | \$1,434,428 |
| Title I Grants to LEA | 84.010 | 1863-GC | <u>196,136</u> |
| | | | <u>\$1,630,564</u> |
| Special Education – Grants to States | 84.027 | FY08 | \$ <u>54,069</u> |
| Vocational Education – Basic Grants to States | 84.048 | FY08 | \$ <u>133,087</u> |
| Special Education – Preschool Grants | 84.173 | FY08 | \$ <u>5,250</u> |
| Safe and Drug-free Schools and Communities – | | | |
| State Grants | 84.186 | FY08 | \$ <u>44,676</u> |
| Charter Schools | 84.282 | FY08 | \$ <u>240,186</u> |
| State Grants for Innovative Programs | 84.298 | FY08 | \$ <u>15,300</u> |
| Advanced Placement Program | 84.330 | FY08 | \$ <u>1,782</u> |
| Improving Teacher Quality Grants | 84.367 | FY08 | \$ <u>449,547</u> |
| Grants for State Assessments and Related Activities | 84.369 | FY08 | \$ <u>74,011</u> |
| Keystone Area Education Agency: | | | |
| Special Education – Grants to States | 84.027 | FY08 | \$ <u>639,608</u> |
| Enhancing Education Through Technology | 84.318 | FY08 | \$ <u>41,572</u> |
| English Language Acquisition Grants | 84.365 | FY08 | \$ <u>5,903</u> |
| U.S. Department of Health and Human Services | | | |
| Iowa Department of Education: | | | |
| Temporary Assistance for Needy Families | 93.558 | FY08 | \$ <u>2,646</u> |
| Cooperative Agreements to Support Comprehensive | | | |
| School Health Programs to Prevent the Spread of | | | |
| HIV and Other Important Health Problems | 93.938 | FY08 | <u>\$ 525</u> |
| U.S. Department of Housing and Urban Development: | | | |
| City of Dubuque: | | | |
| Community Development Block Grant | 14.218 | FY08 | <u>\$ 9,687</u> |
| Total | | | <u>\$5,266,263</u> |

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Dubuque Community School District and is presented on the accrual or modified 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.

See accompanying independent auditors' report.

Jim Kircher & Associates, P.C.
Certified Public Accountants

815 Century Drive
Dubuque, Iowa 52002

Independent Auditors' 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 Board of Education of
Dubuque Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Dubuque Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 3, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Dubuque Community School District'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 Dubuque Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dubuque Community School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Dubuque Community School District'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 that a misstatement of Dubuque Community School District's financial statements that is more than inconsequential will not be prevented or detected by Dubuque Community School District's internal control.

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

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District'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 District. 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dubuque Community School District and other parties to whom Dubuque Community School District 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 Dubuque Community School District 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.

JIM KIRCHER & ASSOCIATES, P.C.

Dubuque, Iowa
February 3, 2009

Telephone 563/556-3392

FAX 563/556-3443

Jim Kircher & Associates, P.C.
Certified Public Accountants

815 Century Drive
Dubuque, Iowa 52002

Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control
Over Compliance in accordance with OMB Circular A-133

To the Board of Education of
Dubuque Community School District:

Compliance

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

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

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

Internal Control Over Compliance

The management of Dubuque Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Dubuque Community School District'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 Dubuque Community School District's internal control over compliance.

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

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

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

Dubuque Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Dubuque Community School District'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 Dubuque Community School District and other parties to whom Dubuque Community School District 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.

JIM KIRCHER & ASSOCIATES, P.C.

Dubuque, Iowa
February 3, 2009

Dubuque Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part I: Summary of the Independent Auditors' Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - School Nutrition Cluster Programs:
 - * CFDA Number 10.553 - SCHOOL BREAKFAST PROGRAM
 - * CFDA Number 10.555 - NATIONAL SCHOOL LUNCH PROGRAM
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Dubuque Community School District did qualify as a low-risk auditee.

Dubuque Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No significant deficiencies in internal control were disclosed by the audit of the financial statements.

Dubuque Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

No significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.

Dubuque Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-08 Certified Budget - Disbursements for the year ended June 30, 2008, did not exceed the amended certified budget.
- IV-B-08 Questionable Expenditures - No expenditures were noted that may not 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 District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-08 Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-08 Board Minutes - We noted no transaction requiring Board approval which had not been approved by the Board.
- IV-G-08 Certified Enrollment - No variances in the basic enrollment data certified by the Department of Education were noted.
- IV-H-08 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

Dubuque Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

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

IV-J-08 Documentation of Internal Control Policies and Procedures

Comment - At June 30, 2007, we recommended the District review its written control policies and procedures in order to identify the District's oversight authority and to develop reporting requirements to ensure the District's internal controls are being properly implemented in accordance with Statement of Auditing Standards 109 (SAS 109).

We are pleased to report the District has updated and expanded its internal control policies and procedures as outlined in the District's budget resource book. In addition, Management has reported to the District's Support Services/Finance Committee the results and their comments relative to the internal control policies and procedures tested.

Recommendation - In addition to the internal control procedures previously reported by Management to the Support Services/Finance Committee, a final report addressing all the District's internal control policies and procedures listed in the budget resource book should be reviewed and commented on and ultimately submitted to the District's Board for their perusal and approval. As a reminder, the key internal control component is control environment. The control environment sets the tone of the District and is the foundation for all other components of internal control.

Response - We will address the recommendation as presented and act accordingly.

IV-K-08 Early Retirement Board Policies

Comment - The Board policy relative to early retirement states that each application will be reviewed and will be subject to Board approval. In reviewing the District's application form to verify compliance with its early retirement policy, it was noted there is no information disclosing the date of official Board approval.

Recommendation - We would suggest expanding the current early retirement application form to allow for the pertinent information indicating proper Board approval. This would be in addition to the current approval by the District's superintendent.

Response - We will revise our early retirement application to comply with the Board's policy in this record.